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2007 Options(8)

17,200 \$73.84 4/2/17

2006 Options(9)

20,900 \$59.43 4/3/16

2005 Options(10)

10,750 \$45.63 3/31/15

2004 Initial Options(11)

3,425 \$43.20 2/17/14

Stock Awards:

2012 Restricted Stock Units(12)

10,171 \$358,426

2011 Restricted Stock Units(13)

4,630 \$163,161

2010 Restricted Stock Units(14)

5,491 \$193,503

Total

122,208 50,167 20,292 \$715,090

Carter S. Elenz

Options:

2012 Options(1)

21,300 \$40.74 4/2/22

2011 Options(2)

6,883 13,767 \$48.97 4/15/21

Stock Awards:

2012 Restricted Stock Units(12)

6,335 \$223,245

2011 Restricted Stock Units(13)

4,012 \$141,383

Total

6,883 35,067 10,347 \$364,628

Michael S. Irizarry

Options:

2012 Options(1)

39,200 \$40.74 4/2/22

2011 Options(2)

12,317 24,633 \$51.99 4/1/21

2010 Options(5)

29,150 14,575 \$42.22 4/1/20

2009 Options(6)

14,867 \$34.10 4/1/19

2008 Options(7)

44,150 \$57.19 4/1/18

2007 Options(8)

28,825 \$73.84 4/2/17

2006 Options(9)

17,738 \$59.43 4/3/16

Stock Awards:

2012 Restricted Stock Units(12)

15,544 \$547,771

2011 Restricted Stock Units(13)

7,189 \$253,340

2010 Restricted Stock Units(14)

9,255 \$326,146

Total

147,047 78,408 31,988 \$1,127,257

Explanation of Columns:

(a)

Includes the persons identified in the Summary Compensation Table.

(b)

Includes, on an award-by-award basis, the number of securities underlying unexercised stock options, including awards that have been transferred other than for value, that are exercisable as of December 31, 2012. No awards have been transferred.

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- (c) Includes, on an award-by-award basis, the number of securities underlying unexercised stock options, including awards that have been transferred other than for value, that are unexercisable as of December 31, 2012. No awards have been transferred.
- (d) This column is not applicable because the named executive officers do not have any stock options that are equity incentive plan awards, as defined by SEC rules.
- (e) Represents the exercise prices of the awards identified in columns (b) and (c).
- (f) Represents the expiration dates of the awards identified in columns (b) and (c).
- (g) Represents the total number of shares underlying stock awards that have not vested as of December 31, 2012.
- (h) Represents the market value of shares underlying stock awards that have not vested as of December 31, 2012, calculated using the closing price of U.S. Cellular Common Shares of \$35.24 on December 31, 2012.
- (i) This column is not applicable because the named executive officers do not have any stock awards that are equity incentive plan awards, as defined by SEC rules.
- (j) This column is not applicable because the named executive officers do not have any stock awards that are equity incentive plan awards, as defined by SEC rules.

Footnotes:

- (1) The 2012 Options were granted on April 2, 2012 and are scheduled to become exercisable in annual increments of one third on April 2 of each year beginning in 2013 and ending in 2015, and are exercisable until April 2, 2022 at an exercise price of \$40.74 per share.
- (2) The 2011 Options were granted on April 1, 2011 and are scheduled to become exercisable in annual increments of one third on April 1 of each year beginning in 2012 and ending in 2014, and are exercisable until April 1, 2021 at an exercise price of \$51.99 per share, except with respect to Carter S. Elenz whose 2011 Options were granted on April 15, 2011 and are scheduled to become exercisable in annual increments of one third on April 15 of each year beginning in 2012 and ending in 2014, and are exercisable until April 15, 2021 at an exercise price of \$48.97 per share.
- (3) The Initial CEO Options (with accelerated vesting, as discussed in Note 1 under the Summary Compensation Table above) were granted on June 1, 2010, become exercisable with respect to one-third of such options on each of June 1, 2011, June 1, 2012 and June 1, 2013, and are exercisable until June 1, 2020 at an exercise

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price of \$40.81 per share. The Initial CEO Options (without accelerated vesting) were granted on June 1, 2010, become exercisable on June 1, 2016 and are exercisable until June 1, 2020 at an exercise price of \$40.81 per share.

- (4) The Initial CEO RSUs (with accelerated vesting, as discussed in Note 1 under the Summary Compensation Table above) were granted on June 1, 2010 and become vested on June 1, 2013. The Initial CEO RSUs (without accelerating vesting) were granted on June 1, 2010 and become vested on June 1, 2016.
- (5) The 2010 Options were granted on April 1, 2010 and are scheduled to become exercisable in annual increments of one third on April 1 of each year beginning in 2011 and ending in 2013, and are exercisable until April 1, 2020 at an exercise price of \$42.22 per share.
- (6) The 2009 Options were granted on April 1, 2009 and became exercisable in annual increments of one third on April 1 of each year beginning in 2010 and ending in 2012, and are exercisable until April 1, 2019 at an exercise price of \$34.10 per share.
- (7) The 2008 Options were granted on April 1, 2008 and became exercisable in annual increments of one third on April 1 of each year beginning in 2009 and ending in 2011, and are exercisable until April 1, 2018 at an exercise price of \$57.19 per share.
- (8) The 2007 Options were granted on April 2, 2007 and became exercisable in annual increments of 25% on April 2 of each year beginning in 2008 and ending in 2011, and are exercisable until April 2, 2017 at an exercise price of \$73.84 per share.
- (9) The 2006 Options were granted on April 3, 2006 and became exercisable in annual increments of 25% on April 3 of each year beginning in 2007 and ending in 2010, and are exercisable until April 3, 2016 at an exercise price of \$59.43 per share.
- (10) The 2005 Options were granted to Mr. Childs on March 31, 2005 and to Mr. Campbell on June 1, 2005. The 2005 Options granted to Mr. Childs became exercisable in annual increments of 25% on March 31 of each year beginning in 2006 and ending in 2009, and are exercisable until March 31, 2015 at an exercise price of \$45.63 per share. The 2005 Options granted to Mr. Campbell became exercisable in annual increments of 25% on June 1 of each year beginning in 2006 and ending in 2009, and are exercisable until June 1, 2015 at an exercise price of \$47.76 per share.
- (11) The 2004 Initial Options were granted on February 17, 2004 and became exercisable in annual increments of 25% on January 19 of each year beginning in 2005 and ending in 2008, and are exercisable until February 17, 2014 at an exercise price of \$43.20 per share.
- (12) Such restricted stock units were granted on April 2, 2012 and become vested on April 2, 2015.
- (13)

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Such restricted stock units were granted on April 1, 2011 and become vested on April 1, 2014, except with respect to Carter S. Elenz whose restricted stock units were granted on April 15, 2011 and become vested on April 15, 2014.

- (14) Such restricted stock units were granted on April 1, 2010 and become vested on April 1, 2013.
- (15) Represents phantom stock match units with respect to deferred bonus compensation that have not vested. See "Information Regarding Nonqualified Deferred Compensation" below. One-third of the phantom stock bonus match units become vested on each of the first three anniversaries of the last day of the year for which the applicable bonus is payable, provided that such officer is an employee of U.S. Cellular or an affiliate on such date.

Table of Contents**Information Regarding Option Exercises and Stock Vested Table**

The following table shows, as to the executive officers who are named in the Summary Compensation Table, certain information regarding option exercises and stock vested in 2012.

Option Exercises and Stock Vested

Name (a)	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#) (b)	Value Realized Upon Exercise (\$) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting (\$) (e)
Mary N. Dillon				
Option Exercises (Date of Exercise):				
Stock Awards Vested(2)(3):				
Bonus Match Units(4)			320	\$ 11,277
Total		\$	320	\$ 11,277
Steven T. Campbell(1)				
Option Exercises (Date of Exercise):				
Stock Awards Vested(2)(3):				
2009 Restricted Stock Units			4,633	\$ 189,629
Total		\$	4,633	\$ 189,629
Jeffrey J. Childs(1)				
Option Exercises (Date of Exercise):				
Stock Awards Vested(2)(3):				
2009 Restricted Stock Units			4,426	\$ 181,156
Total		\$	4,426	\$ 181,156
Carter S. Elenz				
Option Exercises (Date of Exercise):				
Stock Awards Vested(2)(3):				
				\$
Total		\$		\$
Michael S. Irizarry(1)				
Option Exercises (Date of Exercise):				
Stock Awards Vested(2)(3):				
2009 Restricted Stock Units			7,453	\$ 305,051
Total		\$	7,453	\$ 305,051

Explanation of Columns:

- (a) Includes the persons identified in the Summary Compensation Table.
- (b) Represents the number of securities for which stock options were exercised.
- (c) Represents the aggregate dollar value realized upon exercise of stock options, based on the difference between the market value (closing price) of the underlying securities at exercise and the exercise or base price of the stock options.
- (d) Represents the number of shares of stock that have vested. This includes restricted stock units and bonus plan phantom stock match units.
- (e) Represents the aggregate dollar value realized upon vesting of stock, calculated by multiplying the number of units by the market value (closing price) of the underlying securities on the vesting date.

Footnotes:

- (1) Taxes were paid by allowing U.S. Cellular to withhold U.S. Cellular Common Shares having a value equal to the tax withholding amount and in the case of stock options, the exercise price of such options was paid by allowing U.S. Cellular to withhold U.S. Cellular Common Shares having a value equal to the aggregate exercise price.
- (2) Includes restricted stock units that became vested during 2012, if any. The 2009 restricted stock units became vested on April 1, 2012. The stock price used to calculate the value realized on vesting was the closing price of U.S. Cellular Common Shares of \$40.93 on March 30, 2012, the last trading day immediately preceding the date of vesting since the date of vesting was a weekend day.
- (3) Includes bonus plan phantom stock match units that became vested during 2012, if any. Pursuant to U.S. Cellular's 2005 Long-Term Incentive Plan, the bonus plan phantom stock match units generally vest one-third on each of the first three anniversaries of the last day of the year for which the applicable bonus is payable.

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- (4) The stock price used to calculate the value that Ms. Dillon realized on vesting was the closing price of Common Shares of \$35.24 on December 31, 2012. See "Information Regarding Nonqualified Deferred Compensation" below.

From time to time, U.S. Cellular authorizes its executive officers to enter into plans under Section 10b5-1 of the Securities Exchange Act of 1934, as amended. These plans may include specific instructions for a broker to exercise stock options and/or sell stock on behalf of an executive based on a pre-determined schedule or formula. The purpose of such plans is to enable executive officers to recognize the value of their compensation and sell their holdings of U.S. Cellular Common Shares during periods in which the officer would otherwise be unable to buy or sell such stock because important information about U.S. Cellular had not been publicly released.

Information Regarding Pension Benefits

U.S. Cellular executive officers are covered by a defined contribution tax-deferred savings plan, a defined contribution pension plan and a related defined contribution supplemental plan, as discussed above. The company contributions for each of the named executive officers under these plans are disclosed in column (i), "All Other Compensation," of the Summary Compensation Table. U.S. Cellular does not have any "defined benefit" pension plans (including supplemental plans). The named executive officers only participate in tax-qualified defined contribution plans (the TDS Tax-Deferred Savings Plan and the TDS Pension Plan) and a non-qualified defined contribution plan (the supplemental executive retirement plan (SERP)). Accordingly, the Pension Benefits table required to be provided by SEC rules is not applicable.

Table of Contents**Information Regarding Nonqualified Deferred Compensation**

The following table shows, as to the executive officers who are named in the Summary Compensation Table, certain information regarding nonqualified deferred compensation for the year ended December 31, 2012.

Nonqualified Deferred Compensation

Name (a)	Executive	Registrant	Aggregate	Aggregate	Aggregate
	Contribution in Last FY (\$) (b)	Contributions in Last FY (\$) (c)	Earnings in Last FY (\$) (d)	Withdrawals/ Distributions (\$) (e)	Balance at Last FYE (\$) (f)
Mary N. Dillon					
SERP(1)					
Company contribution		\$ 38,303			
Interest up to AFR			\$ 1,264		
Interest above AFR			\$ 447		
Total Interest			\$ 1,711		
Balance at year end					\$ 77,518
Bonus Deferral and Company Match into Phantom Shares(3)					
Bonus Deferred (3,835 Common Shares)	\$ 162,500				
Company Match for Bonus Deferral (959 Common Shares)		\$ 40,625			
Changes in Value in 2012			\$ (56,703)		
Ending Balance as of December 31, 2012: 4,155 Common Shares (excluding 639 units that have not vested)					\$ 146,422
Salary and Bonus Deferral into Interest Account					
Salary Deferred(2)	\$ 194,862				
Bonus Deferred(3)	\$ 162,500				
Interest up to AFR			\$ 19,607		
Interest above AFR			\$ 5,232		
Total Interest			\$ 24,839		
Balance at year end					\$ 816,750
Aggregate Total(4)	\$ 519,862	\$ 78,928	\$ (30,153)		\$ 1,040,690
Steven T. Campbell					
SERP(1)					
Company contribution		\$ 31,154			
Interest up to AFR			\$ 4,153		
Interest above AFR			\$ 1,468		
Total Interest			\$ 5,621		
Balance at year end					\$ 159,994
Aggregate Total(4)		\$ 31,154	\$ 5,621		\$ 159,994
Jeffrey J. Childs					
SERP(1)					
Company contribution		\$ 26,536			
Interest up to AFR			\$ 4,597		
Interest above AFR			\$ 1,625		

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Total Interest		\$	6,222			
Balance at year end				\$	169,149	
Aggregate Total(4)	\$	26,536	\$	6,222	\$	169,149

Carter S. Elenz

Aggregate Total(4)

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Name (a)	Executive Contributions in Last FY (\$) (b)	Registrant Contributions in Last FY (\$) (c)	Aggregate Earnings in Last FY (\$) (d)	Aggregate Withdrawals/ Distributions (\$) (e)	Aggregate Balance at Last FYE (\$) (f)
Michael S. Irizarry					
SERP(1)					
Company contribution		\$ 25,618			
Interest up to AFR			\$ 8,482		
Interest above AFR			\$ 2,999		
Total Interest			\$ 11,481		
Balance at year end					\$ 288,785
Aggregate Total(4)		\$ 25,618	\$ 11,481		\$ 288,785

Explanation of Columns:

- (a) Includes the persons identified in the Summary Compensation Table.
- (b) Represents the dollar amount of aggregate executive contributions during the last fiscal year. With respect to deferred salary, includes the actual dollar amount deferred. The entire amount of the salary earned in 2012 is included in column (c) of the Summary Compensation Table, whether or not deferred. With respect to deferred bonus, includes the actual dollar amount deferred. The entire amount of the bonus is included in the Summary Compensation Table in column (d) or (g), whether or not deferred. Only Mary N. Dillon deferred a portion of her salary and/or bonus in 2012. The named executive officers receive a distribution of the deferred compensation account at the time and in the form provided in the applicable plan or agreement, which permits certain distribution elections by the officer.
- (c) Represents the dollar amount of aggregate contributions by U.S. Cellular during the last fiscal year. With respect to the SERP, represents the actual dollar amount credited with respect to 2012 for the officer. This is the same as the amount included in column (i) of the Summary Compensation Table. With respect to any company match, represents the value of the shares underlying the phantom stock units on the date the bonus match units were awarded with respect to the officer. This is the same as the amount included in column (e) of the Summary Compensation Table.
- (d) Includes the dollar amount of aggregate interest or other earnings accrued during the last fiscal year. With respect to the SERP, represents the actual dollar amount earned in 2012 by the officer, of which any amount that is deemed to be above-market or preferential earnings as defined by SEC rules is included in column (h) of the Summary Compensation Table. With respect to any deferred salary or bonus, represents the amount of interest credited to the deferred account for 2012, of which any amount that is deemed to be above-market or preferential earnings as defined by SEC rules is included in column (h) of the Summary Compensation Table. The amount up to the AFR (as previously defined) is not deemed to be above-market or preferential, and is not included in the Summary Compensation Table.
- Also includes the changes in value of the bonus deferral units and company match units in 2012. This amount is not included in the Summary Compensation Table.
- (e) Represents the aggregate dollar amount of any withdrawals by or distributions to the executive during the last fiscal year. Any such amounts represent withdrawals or distributions of company and/or employee contributions and/or earnings. Withdrawals or distributions do not represent a component of compensation in the Summary Compensation Table.

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- (f) Represents the dollar amount of the total balance of the executive's account as of the end of the last fiscal year. With respect to the SERP and deferred salary, represents the actual dollar amount credited to the executive's account as of December 31, 2012. With respect to bonus deferral and company match, if any, represents the dollar value of the number of phantom stock units credited to the executive's account as of December 31, 2012 based on the closing price of the underlying shares of \$35.24 on December 31, 2012.

Footnotes:

- (1) Each of the named executive officers participates in the SERP; however, Carter S. Elenz did not qualify for a contribution in 2012 under the terms of the SERP. This plan provides supplemental benefits to the TDS Pension Plan to offset the reduction of benefits caused by the limitations under the Internal Revenue Code for tax-qualified pension plans, including the limit on annual employee compensation which can be considered. The SERP is a non-qualified deferred compensation plan and is intended to be unfunded. Such officers are credited with interest on their balances in the SERP. The interest rate for 2012 was set as of the last trading date of 2011 at 4.4856% per annum, based on the yield on ten year BBB rated industrial bonds at such time. Such rate

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exceeded the AFR of 3.37% at such time. Accordingly, pursuant to SEC rules, column (h) of the Summary Compensation Table for 2012 includes the portion of such interest that exceeded that calculated using the AFR at the time the interest rate was set.

See "Compensation Discussion and Analysis" for information relating to vesting and distribution of amounts under the SERP.

(2)

Represents deferred salary accounts pursuant to deferred compensation agreements. All of the annual salary earned is reported in column (c) of the Summary Compensation Table, whether or not deferred. Only Mary N. Dillon deferred a portion of her salary in 2012. Pursuant to the deferred compensation agreements, the deferred compensation account is credited with interest compounded monthly, computed at a rate equal to one-twelfth of the sum of the average twenty-year Treasury Bond rate plus 1.25 percentage points until the deferred compensation amount is paid to such person. As required by SEC rules, column (h) of the Summary Compensation Table includes the portion of such interest that exceeded interest calculated using the AFR.

(3)

The amounts in column (b) represent deferrals of bonus, if any. All of the annual bonus is reported in the Summary Compensation Table, whether or not deferred. Such amounts can be deferred into an interest account or phantom stock. Only Ms. Dillon deferred a portion of her bonus in 2012. For the bonus paid in 2012 based on 2011 performance Ms. Dillon deferred 25% of her bonus, or \$162,500, into a phantom stock account, and 25% of her bonus, or \$162,500, into an interest account.

To the extent of any deferral to an interest account, the deferred account is credited with interest compounded monthly, computed at a rate equal to one-twelfth of the sum of the average twenty-year Treasury Bond rate plus 1.25 percentage points until the deferred compensation amount is paid to such person. As required by SEC rules, column (h) of the Summary Compensation Table includes the portion of such interest that exceeded interest calculated using the AFR.

To the extent of any deferral into a phantom stock account, the officer receives a company match award. In such case, one-third of the phantom stock match units vest with respect to a particular year's deferred bonus on each of the first three anniversaries of the last day of the year for which the applicable bonus is payable, provided that such officer is an employee of U.S. Cellular or an affiliate on such date and the related deferred bonus has not been distributed. If an executive officer continues as an employee during the entire vesting period, the executive will receive a total bonus match equal to the sum of (i) 25% of amounts deferred up to 50% of such year's bonus and (ii) 33¹/₃% of amounts deferred that exceed 50% of such year's bonus. The vesting of unvested phantom stock match units may accelerate under certain circumstances and the effects of such acceleration are disclosed in the "Potential Payments Upon Termination or Change in Control" table below. The aggregate grant date fair value computed in accordance with FASB ASC 718 of the phantom stock match units is reported in the Summary Compensation Table in column (e) under "Stock Awards."

The executive officer will receive in shares an amount equal to his or her vested phantom stock account balance at the date elected by the executive (either the executive's separation from service, subject to any six-month delay required by Section 409A of the Internal Revenue Code, or a date specified by the executive). See the Compensation Discussion and Analysis for additional information relating to vesting and distribution of deferred bonus and company match balances.

(4)

Information relating to deferred compensation amounts included in the above Summary Compensation Table for 2012 is discussed in the above notes. As required by SEC rules, the following is a summary of the total deferred compensation balances reported as compensation in the Summary Compensation Table in years prior to 2012, beginning with deferred compensation in 2006, which is the first year in which deferred compensation was reported pursuant to the above table. The below amounts do not include previously reported deferred compensation that has been distributed.

	Mary N. Dillon	Steven T. Campbell	Jeffrey J. Childs	Carter S. Elenz	Michael S. Irizarry
SERP Company Contribution	\$ 37,504	\$ 109,850	\$ 115,465	\$	\$ 161,137
Salary Deferral	249,122				
Excess Interest	1,525	3,014	3,937		8,491
Bonus Deferral	170,027				
Company Match					

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Total \$ 458,178 \$ 112,864 \$ 119,402 \$ \$ 169,628

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Potential Payments Upon Termination or Change In Control

This section discusses, with respect to the executives identified in the Summary Compensation Table, each contract, agreement, plan or arrangement, whether written or unwritten, that provides for payments to such executive at, following, or in connection with any termination, including resignation, severance, retirement or constructive termination, or a change in control of U.S. Cellular or a change in the executive officer's responsibilities. However, this section does not discuss any such contract, agreement, plan or arrangement that does not discriminate in scope, terms or operation in favor of executive officers and that is available generally to all employees.

U.S. Cellular does not have any agreements with any of the named executive officers that are executory or any plans or policies that provide for severance or other compensation or benefits to the named executive officers upon termination or a change in control other than the acceleration of vesting of equity awards upon certain events as discussed herein and as set forth in the Table of Potential Payments upon Termination or Change in Control and under "Compensation Discussion and Analysis Other Benefits and Plans Available to Named Executive Officers." The acceleration of vesting of awards is considered to be appropriate under certain qualified termination events or a change in control, but U.S. Cellular does not consider it appropriate to generally provide for other significant severance or similar benefits in such events or to permit the acceleration of vesting of awards as a general rule for non-qualified termination events. U.S. Cellular considers the fact that, unlike its peer companies, which are generally widely held, U.S. Cellular is controlled by TDS, which is controlled by the TDS Voting Trust. As a result, U.S. Cellular does not follow the practices of certain other companies that may provide for substantial benefits upon a termination or a change in control as a standard practice. Instead, potential payments upon termination or a change in control are designed primarily so that employees are neither harmed nor given a windfall in such circumstances. The acceleration of vesting of awards under certain circumstances is intended to motivate executive officers to act in the best long-term interests of U.S. Cellular.

Notwithstanding the foregoing, U.S. Cellular may enter into agreements or arrangements with officers that provide for severance or other compensation or benefits under circumstances that are negotiated with such officer in connection with the employment or termination of employment of an officer. Any such agreement or arrangement is based on the facts and circumstances at the time relating to the particular employment relationship.

The foregoing approach to termination payments is consistent with U.S. Cellular's overall compensation objectives, as discussed above. These objectives assume that officers will be compensated primarily based on performance during their continued employment with U.S. Cellular and are designed to motivate executive officers to act in the best long-term interest of U.S. Cellular, recognizing that U.S. Cellular is a controlled company. As a result, these objectives do not contemplate providing significant benefits with respect to qualified termination events or a change in control or providing any benefits upon non-qualified termination events. Accordingly, the limited amounts of termination and change in control payments as discussed herein are taken into account with all other facts and circumstances, but otherwise do not significantly affect decisions relating to other elements of compensation, which are provided consistent with the foregoing compensation objectives assuming continued employment until normal retirement.

Table of Potential Payments upon Termination or Change in Control

The following table summarizes the estimated payments to be made under each contract, agreement, plan or arrangement which provides for payments to a named executive officer at, following, or in connection with any termination of employment including by resignation, severance, retirement, disability or a constructive termination of a named executive officer, or a change in control or a change in the named executive officer's responsibilities. However, in accordance with SEC regulations, the following does not report any amount to be provided to a named executive officer under any arrangement that does not discriminate in scope, terms, or operation in favor of our executive officers and which is available generally to all employees. Also, the following table does not repeat information disclosed above under the Nonqualified Deferred Compensation table or the Outstanding Equity Awards at Fiscal

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Year-End table, except to the extent that the amount payable to the named executive officer would be enhanced or accelerated by the termination event or change in control.

The following table provides quantitative disclosure, assuming that the triggering event took place on December 31, 2012, the last business day of 2012 and, if applicable, that the price per share of the registrant's securities was \$35.24, the closing market price as of December 31, 2012.

The following represent additional payments that may become due as a result of the acceleration of the vesting of stock options, restricted stock units and/or bonus match units upon the following triggering events: (i) a qualified disability (for restricted stock units and bonus match units but not stock options), (ii) a qualified retirement, (iii) a change in control (as described above, and upon approval by the board of directors), and (iv) death (for restricted stock units and bonus match units but not stock options) (collectively, "Triggering Events"). In addition, the below table identifies other payments that have been, will be or could be made pursuant to agreements, if any, to the extent described in the footnotes to the below table.

Table of Potential Payments upon Termination or Change in Control

Name (a)	Early Vesting of Options (\$) (b)	Early Vesting of Restricted Stock Units (\$) (c)	Early Vesting of Bonus Stock Match Units (\$) (d)	Other (\$) (e)	Total (\$) (f)
Mary N. Dillon					
Stock Options for 230,508 Common Shares(1)	\$				\$
Restricted Stock Units for 101,909 Common Shares(2)		\$ 3,591,273			\$3,591,273
Bonus Stock Match Units for invested shares as of December 31, 2012 639 Common Shares			\$ 22,518		\$ 22,518
Aggregate Totals	\$	\$ 3,591,273	\$ 22,518		\$3,613,791
Steven T. Campbell					
Stock Options for 58,959 Common Shares(1)	\$				\$
Restricted Stock Units for 23,944 Common Shares(2)		\$ 843,787			\$ 843,787
Aggregate Totals	\$	\$ 843,787			\$ 843,787
Jeffrey J. Childs					
Stock Options for 50,167 Common Shares(1)	\$				\$
Restricted Stock Units for 20,292 Common Shares(2)		\$ 715,090			\$ 715,090
Aggregate Totals	\$	\$ 715,090			\$ 715,090
Carter S. Elenz					
Stock Options for 35,067 Common Shares(1)	\$				\$
Restricted Stock Units for 10,347 Common Shares(2)		\$ 364,628			\$ 364,628
Aggregate Totals	\$	\$ 364,628			\$ 364,628

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Name (a)	Early Vesting of Options (\$) (b)	Early Vesting of Restricted Stock Units (\$) (c)	Early Vesting of Bonus Stock Match Units (\$) (d)	Other (\$) (e)	Total (\$) (f)
Michael S. Irizarry					
Stock Options for 78,408 Common Shares(1)	\$				\$
Restricted Stock Units for 31,988 Common Shares(2)		\$ 1,127,257			\$1,127,257
Aggregate Totals	\$	\$ 1,127,257			\$1,127,257

Explanation of Columns:

- (a) Includes the persons identified in the Summary Compensation Table.
- (b) Represents the maximum potential value of accelerated stock options assuming that a Triggering Event took place on December 31, 2012 and that the price per share of the registrant's securities was \$35.24, the closing market price of U.S. Cellular Common Shares as of December 31, 2012. Includes only the aggregate difference between the exercise price of such stock options and such year end stock price. No dollar amount is indicated because in each case the exercise price of such stock options exceeded such year end stock price.
- (c) Represents the maximum potential value of accelerated restricted stock units assuming that a Triggering Event took place on December 31, 2012 and that the price per share of the registrant's securities was \$35.24, the closing market price of U.S. Cellular Common Shares as of December 31, 2012.
- (d) Represents the maximum potential value of accelerated bonus match units assuming that a Triggering Event took place on December 31, 2012 and that the price per share of the registrant's securities was \$35.24, the closing market price of U.S. Cellular Common Shares as of December 31, 2012.
- (e) Represent other potential payments as of December 31, 2012, if any.
- (f) Represents the total of columns (b) through (e).

Although U.S. Cellular has attempted to make a reasonable estimate (or a reasonable estimated range of amounts) applicable to the payment or benefit based on the disclosed material assumptions, the calculation of the foregoing represents forward-looking statements that involve risks, uncertainties and other factors that may cause actual results to be significantly different from the amounts expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include those set forth under "Risk Factors" in U.S. Cellular's Form 10-K for the year ended December 31, 2012.

U.S. Cellular has no current obligations to pay any perquisites or other personal benefits to any of the named executive officers upon termination or change in control.

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No information is provided with respect to contracts, agreements, plans or arrangements to the extent they do not discriminate in scope, terms or operation in favor of executive officers of U.S. Cellular and that are available generally to all employees.

The above does not include the retention bonuses granted in 2011 to Messrs. Campbell, Irizarry and Childs described above because these will not be paid upon a termination or change in control. They will be paid only if the officer remains continuously employed by U.S. Cellular through April 1, 2014 and on such date is actively engaged in carrying out his employment responsibilities with U.S. Cellular.

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(1)

The following table shows the calculation of the difference between the exercise price of such stock options and the closing price of the U.S. Cellular Common Shares on December 31, 2012 of \$35.24 per share. No dollar amount due upon acceleration is reflected in the table because all of the options had an exercise price that exceeded \$35.24 per share.

Option (Per Share Exercise Price of Options)	Number of Shares Underlying Specified Awards that are Unexercisable at 12/31/12	Value at 12/31/12 based on \$35.24 per share	Less Aggregate Exercise Price	Difference (if Positive)
Mary N. Dillon				
2012 Options (\$40.74)	74,975	\$ 2,642,119	\$ 3,054,482	\$
2011 Options (\$51.99)	55,533	\$ 1,956,983	\$ 2,887,161	\$
Initial CEO Options (with accelerated vesting) (\$40.81)	25,000	\$ 881,000	\$ 1,020,250	\$
Initial CEO Options (without accelerated vesting) (\$40.81)	75,000	\$ 2,643,000	\$ 3,060,750	\$
Total	230,508			\$
Steven T. Campbell				
2012 Options (\$40.74)	31,750	\$ 1,118,870	\$ 1,293,495	\$
2011 Options (\$51.99)	17,267	\$ 608,489	\$ 897,711	\$
2010 Options (\$42.22)	9,942	\$ 350,356	\$ 419,751	\$
Total	58,959			\$
Jeffrey J. Childs				
2012 Options (\$40.74)	25,650	\$ 903,906	\$ 1,044,981	\$
2011 Options (\$51.99)	15,867	\$ 559,153	\$ 824,925	\$
2010 Options (\$42.22)	8,650	\$ 304,826	\$ 365,203	\$
Total	50,167			\$
Carter S. Elenz				
2012 Options (\$40.74)	21,300	\$ 750,612	\$ 867,762	\$
2011 Options (\$48.97)	13,767	\$ 485,149	\$ 674,170	\$
Total	35,067			\$
Michael S. Irizarry				
2012 Options (\$40.74)	39,200	\$ 1,381,408	\$ 1,597,008	\$
2011 Options (\$51.99)	24,633	\$ 868,067	\$ 1,280,670	\$
2010 Options (\$42.22)	14,575	\$ 573,623	\$ 615,357	\$
Total	78,408			\$

(2)

See the "Outstanding Equity Awards at Fiscal Year-End" table for detail of restricted stock units.

Table of Contents**Compensation of Directors**

The following table shows, as to directors who are not executive officers of U.S. Cellular or TDS, certain information regarding director compensation paid for the fiscal year ended December 31, 2012.

Name	Director Compensation						
	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation	All Other Compensation	Change in Pension Value and Total
(a)	(\$) (b)	(\$) (c)	(\$) (d)	(\$) (e)	(\$) (f)	(\$) (g)	(\$) (h)
James Barr III	\$ 78,333	\$ 55,000					\$ 133,333
Walter C.D. Carlson	\$ 78,333	\$ 55,000					\$ 133,333
J. Samuel Crowley	\$ 128,333	\$ 55,000					\$ 183,333
Ronald E. Daly	\$ 92,333	\$ 55,000					\$ 147,333
Paul-Henri Denuit	\$ 179,333	\$					\$ 179,333
Harry J. Harczak, Jr.	\$ 103,333	\$ 55,000					\$ 158,333
Gregory P. Josefowicz	\$ 103,333	\$ 55,000					\$ 158,333

Explanation of Columns:

(a)

Includes each director unless such director is an executive officer whose compensation, including any compensation for service as a director, is fully reflected in the Summary Compensation Table, except for directors who do not receive any compensation directly from U.S. Cellular as discussed in the next paragraph. Accordingly, the above includes only non-employee directors. Directors who are employees of TDS or its subsidiaries do not receive directors fees or any compensation directly from U.S. Cellular.

LeRoy T. Carlson, Jr. and Kenneth R. Meyers receive no compensation directly from U.S. Cellular. Such persons are compensated by TDS in connection with their services as officers of TDS and TDS subsidiaries, including U.S. Cellular. A portion of such persons' compensation expense incurred by TDS is allocated to U.S. Cellular by TDS, along with other expenses of TDS. This allocation by TDS to U.S. Cellular is done in the form of a single management fee pursuant to the Intercompany Agreement discussed below under "Intercompany Agreement." There is no identification or quantification of the compensation of such persons to U.S. Cellular, or of any other allocated expense in this management fee. The management fee is recorded as a single expense by U.S. Cellular. U.S. Cellular does not obtain details of the components that make up this fee and does not segregate this fee or allocate any part of the management fee to other accounts such as compensation expense. Accordingly, the compensation expenses incurred by TDS with respect to such

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persons are not reported in the above table. However, for purposes of disclosure, approximately 77% of the compensation expense incurred by TDS in 2012 relating to LeRoy T. Carlson, Jr. and Kenneth R. Meyers is included by TDS in the total management fee to U.S. Cellular. Information with respect to compensation from TDS to LeRoy T. Carlson, Jr. and Kenneth R. Meyers is included in TDS' Proxy Statement related to its 2013 Annual Meeting of shareholders.

- (b) Includes the aggregate dollar amount of all fees earned or paid in cash for services as a director during 2012, including annual retainer fees, committee and/or chairmanship fees, and meeting fees.
- (c) The amounts in this column represent the aggregate grant date fair value of the annual stock awards granted in 2012 computed in accordance with FASB ASC 718. Pursuant to the terms of the Compensation Plan for Non-Employee Directors, as amended (see "Narrative Disclosure to Director Compensation Table" below), each non-employee director was entitled to receive an annual stock award of \$55,000 (including cash paid in lieu of fractional shares). Based on the closing price of \$43.14 of the U.S. Cellular Common Shares on February 29, 2012, the last trading day in February 2012, 1,274 shares were issued to each of the above directors other than Paul-Henri Denuit. Mr. Denuit did not receive a stock award in 2012 because he is not a citizen of the United States and pursuant to the terms of the Compensation Plan for Non-Employee Directors, has elected to receive the annual stock award in the form of cash. This cash amount is included in the Director Compensation table above in column (b), Fees Earned or Paid in Cash.
- (d) This column is not applicable because non-employee directors do not receive stock options.
- (e) This column is not applicable because non-employee directors do not participate in any non-equity incentive plans, as defined by SEC rules.
- (f) This column is not applicable because non-employee directors do not participate in any defined benefit pension plans or pension plans (including supplemental plans) where the retirement benefit is actuarially determined or receive any earnings on deferred compensation.
- (g) This column is not applicable because there is no other compensation.
- (h) Represents the sum of all amounts reported in columns (b) through (g).

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Narrative Disclosure to Director Compensation Table

The following provides additional information with respect to director compensation. All director compensation is approved by the full board of directors.

Non-employee directors of U.S. Cellular participate in a compensation plan for non-employee directors (the "Non-Employee Directors' Plan"). A non-employee director is a director who is not an employee of U.S. Cellular, TDS, TDS Telecom or any other subsidiary of TDS. The purpose of the Non-Employee Directors' Plan is to provide appropriate compensation to non-employee directors in connection with their services to U.S. Cellular and to ensure that qualified persons serve as non-employee members of our board of directors. The following describes the plan.

On March 6, 2012, the U.S. Cellular board of directors approved an amendment of the Non-Employee Directors' Plan to increase the amount of the director's annual cash retainer fee from \$55,000 to \$80,000 and the amount of the director's annual stock award from \$55,000 to \$80,000. This amendment became effective as of March 1, 2012. This increase was based on a review of director compensation paid by other comparable companies and other relevant considerations and was intended to more closely align the compensation paid to non-employee directors with compensation paid by such comparable companies.

Following the amendment described above, non-employee directors receive an annual director's retainer fee of \$80,000 paid in cash.

Following the amendment described above, non-employee directors also receive an annual stock award of \$80,000 paid in the form of U.S. Cellular Common Shares.

The annual stock award is distributed in March on or prior to March 15 of each year, for services performed during the 12 month period that commenced on March 1 of the immediately preceding calendar year and ended on the last day of February of the calendar year of payment. The number of shares is determined on the basis of the closing price of U.S. Cellular Common Shares for the last trading day in the month of February of each year. Notwithstanding the foregoing, a non-employee director who is not a citizen of the United States may, at his or her discretion, receive the annual stock award in the form of cash.

Each non-employee director who serves on the Audit Committee, other than the Chairperson, will receive an annual committee retainer fee of \$11,000, and the Chairperson will receive an annual committee retainer fee of \$22,000.

Each non-employee director who serves on the Long-Term Incentive Compensation Committee, other than the Chairperson, will receive an annual committee retainer fee of \$7,000, and the Chairperson will receive an annual committee retainer fee of \$14,000.

Non-employee directors also will receive a meeting fee of \$1,750 for each board or committee meeting attended.

Under the Non-Employee Directors' Plan, annual retainers will be paid in cash on a quarterly basis, as of the last day of each quarter. Fees for all board and committee meetings will be paid in cash on a quarterly basis, as of the last day of each quarter.

Directors have the authority without further shareholder approval to amend the Non-Employee Directors' Plan from time to time, including amendments to increase the amount of the compensation payable in Common Shares from time to time, provided that the total number of Common Shares issued under the plan may not exceed the number previously approved by shareholders.

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The board of directors reserved 50,000 Common Shares for issuance pursuant to the Non-Employee Directors' Plan, of which 11,613 Common Shares have not been issued and are available for issuance as of the date hereof. U.S. Cellular is requesting shareholders to approve 200,000 additional Common Shares to be reserved for such plan as amended and restated, as discussed in Proposal 4 above.

Directors are also reimbursed for travel and expenses incurred in attending board and committee meetings, director education and other board or company related matters pursuant to U.S. Cellular's travel and expense reimbursement policy.

None of the non-employee directors had stock awards or stock option awards outstanding at December 31, 2012.

Compensation Committee Interlocks and Insider Participation

LeRoy T. Carlson, Jr. is a member of the board of directors of TDS and U.S. Cellular. Mr. Carlson is also the Chairman of U.S. Cellular and, as such, functions as the compensation committee of U.S. Cellular with respect to compensation other than long-term incentive compensation. He is compensated by TDS for his services to TDS and all of its subsidiaries. However, as discussed above, a portion of Mr. Carlson's compensation paid by TDS is allocated to U.S. Cellular as part of the management fee under the Intercompany Agreement described below. Mary N. Dillon, the President and CEO of U.S. Cellular, participates in executive compensation decisions for U.S. Cellular, other than with respect to the compensation of the President and CEO of U.S. Cellular.

Long-term incentive compensation for executive officers is approved by our Long-Term Incentive Compensation Committee, which currently consists of Paul-Henri Denuit, J. Samuel Crowley and Ronald E. Daly. Our Long-Term Incentive Compensation Committee is comprised of members of our board of directors who are independent, as discussed above. None of such persons was, during 2012, an officer or employee of U.S. Cellular or its affiliates, was formerly an officer of U.S. Cellular or its affiliates or had any relationship requiring disclosure by U.S. Cellular under any paragraph of Item 404 of SEC Regulation S-K.

LeRoy T. Carlson, Jr. and Walter C.D. Carlson, directors of U.S. Cellular, are trustees and beneficiaries of the voting trust which controls TDS, which controls U.S. Cellular, and LeRoy T. Carlson, director emeritus of U.S. Cellular, is a beneficiary of such voting trust. See "Security Ownership of Certain Beneficial Owners and Management" below.

Walter C.D. Carlson is a director and non-executive Chairman of the Board of TDS and a director of U.S. Cellular.

In addition, LeRoy T. Carlson, Jr., LeRoy T. Carlson and Kenneth R. Meyers, executive officers and/or directors/director emeritus of U.S. Cellular, are directors/director emeritus and/or executive officers of TDS. LeRoy T. Carlson, Jr. and Kenneth R. Meyers each is a director of U.S. Cellular, LeRoy T. Carlson is a director emeritus of U.S. Cellular, LeRoy T. Carlson, Jr. is a director and President and CEO of TDS, LeRoy T. Carlson is a director emeritus and Chairman Emeritus of TDS and Kenneth R. Meyers is a director and Executive Vice President and Chief Financial Officer of TDS. None of LeRoy T. Carlson, Jr., LeRoy T. Carlson or Kenneth R. Meyers received any compensation directly from U.S. Cellular in their capacities as directors/director emeritus and/or executive officers of U.S. Cellular in 2012. Such persons are compensated by TDS in connection with their services as officers of TDS and TDS subsidiaries, including U.S. Cellular. A portion of such persons' compensation expense incurred by TDS is allocated to U.S. Cellular by TDS, along with other expenses of TDS. This allocation by TDS to U.S. Cellular is done in the form of a single management fee pursuant to the Intercompany Agreement discussed below under "Intercompany Agreement." There is no identification or quantification of the compensation of such persons to U.S. Cellular, or of any other allocated expense in this management fee. The management fee is recorded as a single expense by U.S. Cellular. U.S. Cellular does not obtain details of the components that make up this fee and does not segregate this fee or allocate any part of the management fee to other accounts such as compensation expense. Approximately 77% of the compensation expense incurred by TDS in 2012 with respect to LeRoy T. Carlson, Jr., LeRoy T. Carlson and Kenneth R. Meyers was included by TDS in the total management fee to U.S. Cellular for 2012. Information with respect to

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compensation from TDS to LeRoy T. Carlson, Jr., LeRoy T. Carlson and Kenneth R. Meyers is included in TDS' Proxy Statement related to its 2013 Annual Meeting of shareholders.

Other Relationships and Related Transactions

U.S. Cellular has entered into a number of arrangements and transactions with TDS. Some of these arrangements were established at a time prior to our initial public offering when TDS owned more than 90% of our outstanding capital stock and were not the result of arm's length negotiations. There can be no assurance that such arrangements will continue or that the terms of such arrangements will not be modified in the future. If additional transactions occur in the future, there can be no assurance that the terms of such future transactions will be favorable to us or will continue to provide us with the same level of support for our financing and other needs as TDS has provided in the past. The principal arrangements that exist between U.S. Cellular and TDS are summarized below.

Exchange Agreement

U.S. Cellular and TDS are parties to an Exchange Agreement dated July 1, 1987, as amended as of April 7, 1988.

Common Share Purchase Rights; Potential Dilution. The Exchange Agreement granted TDS the right to purchase additional Common Shares of U.S. Cellular sold after our initial public offering, to the extent necessary for TDS to maintain its proportionate interest in our Common Shares. For purposes of calculating TDS' proportionate interest in our Common Shares, the Series A Common Shares are treated as if converted into Common Shares. Upon notice to U.S. Cellular, TDS is entitled to subscribe to each issuance in full or in part at its discretion. If TDS decides to waive, in whole or in part, one or more of its purchase opportunities, the number of Common Shares subject to purchase as a result of subsequent issuances will be reduced.

If TDS elects to exercise its purchase rights, it is required to pay cash for all Common Shares issued to it by us, unless otherwise agreed. In the case of sales by us of Common Shares for cash, TDS is required to pay the same price per Common Share as the other buyers. In the case of sales for consideration other than cash, TDS is required to pay cash equal to the fair market value of such other consideration as determined by our board of directors. Depending on the price per Common Share paid by TDS upon exercise of these rights, the issuance of Common Shares by us pursuant thereto could have a dilutive effect on our other shareholders. The purchase rights described above are in addition to the preemptive rights granted to TDS as a holder of Series A Common Shares under our Restated Certificate of Incorporation, as amended.

Funding of License Costs. Through the date of our initial public offering, TDS had funded or made provisions to fund all the legal, engineering and consulting expenses incurred in connection with the wireline application and settlement process and that portion of the price of cellular interests acquired by purchase that represented the cost of cellular licenses. Pursuant to the Exchange Agreement, TDS has agreed to fund as an additional capital contribution, without the issuance of additional stock or the payment of any other consideration to TDS, additional costs associated with the acquisition of the additional cellular interests that we had a right to acquire at the time of the initial public offering. Through December 31, 2012, TDS had funded costs totaling approximately \$67.2 million. TDS is obligated under the Exchange Agreement to make additional capital contributions to us under certain circumstances. Currently, TDS has no obligations with respect to additional capital contributions.

RSA Rights. Under the Exchange Agreement: (a) TDS retained all its rights to file applications for and obtain the wireline licenses to operate cellular systems in Rural Service Areas ("RSAs"); (b) TDS retained the right to exchange these RSA rights for additional interests in cellular systems in which we have an interest or interests in cellular systems within the same or other Metropolitan Statistical Areas ("MSAs") or in RSAs; (c) TDS retained the right to acquire telephone, paging or other non-cellular companies with interests in cellular systems; (d) TDS retained the right to acquire interests in RSAs in which we indicated we did not desire to participate; and (e) the rights referred to in (a), (b), (c) and (d) above were to remain the property of TDS unless transferred to us for appropriate consideration.

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Right of Negotiation. If TDS desires to sell certain of its RSA interests, TDS is required to give us the opportunity to negotiate for such interest, subject to TDS being legally able to transfer the interest free of any restrictions on its sale or transfer. If we desire to purchase any interest so offered, TDS is required to negotiate with us concerning the terms and conditions of the transaction, including the price and the method of payment. If we are unable to agree with TDS on the terms and conditions of the transaction during a 60-day negotiation period, TDS would thereafter be under no obligation to offer the interest to us, except if TDS proposed to sell the interest within a year after the end of the negotiation period at a price equal to or lower than our highest written offer during the negotiation period. In such case, we would have the right to purchase the interest at that price.

Corporate Opportunity Arrangements. Our Restated Certificate of Incorporation, as amended, provides that, so long as at least 500,000 U.S. Cellular Series A Common Shares are outstanding, we may not, without the written consent of TDS, engage in any non-cellular activities. We have been informed that TDS intends to give its consent to the acquisition of any non-cellular interest that is incidental to the acquisition of a cellular interest. However, TDS could impose conditions on any such consent, including a requirement that we resell any non-cellular interest to TDS or that we give TDS the right of first refusal with respect to such sale.

Our Restated Certificate of Incorporation, as amended, also restricts the circumstances under which we are entitled to claim that an opportunity, transaction, agreement or other arrangement to which TDS, or any person in which TDS has or acquires a financial interest, is or should be deemed to be a "corporate opportunity" of U.S. Cellular. In general, so long as at least 500,000 U.S. Cellular Series A Common Shares are outstanding, we will not be entitled to any such "corporate opportunity" unless it relates solely to the construction of, the ownership of interests in, and/or the management of, cellular telephone systems, and then only if such corporate opportunity did not arise in any way as a result of the rights otherwise retained by TDS. Our Restated Certificate of Incorporation, as amended, allows us to pursue future opportunities to provide cellular service and design, consulting, engineering and construction management services for cellular telecommunications systems located outside the United States. The foregoing provisions are also included in the Exchange Agreement.

Tax Allocation Agreement

We have entered into a Tax Allocation Agreement with TDS under which we have agreed to join in filing consolidated Federal income tax returns with the TDS affiliated group unless TDS requests otherwise. Pursuant to such agreement, TDS files Federal income tax returns and pays Federal income taxes for all members of the TDS consolidated group, including U.S. Cellular and its subsidiaries. U.S. Cellular and its subsidiaries pay TDS for Federal taxes based on the amount they would pay if they were filing a separate return as their own affiliated group and were not included in the TDS affiliated group. These payments are based on the average tax rate (excluding the effect of tax credits) of the TDS affiliated group. Any deficiency in tax thereafter proposed by the IRS for any consolidated return year that involves income, deductions or credits of U.S. Cellular or its subsidiaries, and any claim for refund of tax for any consolidated return year that involves such items, will be contested or prosecuted at the sole discretion of TDS and at our expense. To the extent that any deficiency in tax or refund of tax is finally determined to be attributable to the income, deductions or credits of U.S. Cellular, such deficiency or refund will be payable by or to us. Under the Tax Allocation Agreement, U.S. Cellular received \$62.8 million from TDS, net of payments to TDS, for federal income taxes in 2012.

If we cease to be a member of the TDS affiliated group, and for a subsequent year U.S. Cellular and its subsidiaries are required to pay a greater amount of Federal income tax than they would have paid if they had not been members of the TDS affiliated group after June 30, 1987, TDS will reimburse us for the excess amount of tax, without interest. In determining the amount of reimbursement, any profits or losses from new business activities acquired by us or our subsidiaries after we leave the TDS affiliated group will be disregarded. No reimbursement will be required if at any time in the future U.S. Cellular becomes a member of another affiliated group in which U.S. Cellular is not the common parent or fewer than 500,000 U.S. Cellular Series A Common Shares are outstanding. In addition, reimbursement will not be required on account of the income of any subsidiary of U.S. Cellular if more than 50% of the voting

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power of such subsidiary is held by a person or group other than a person or group owning more than 50% of the voting power of TDS.

Rules similar to those described above will be applied to any state or local franchise or income tax liabilities to which TDS and U.S. Cellular and their subsidiaries are subject and which are required to be determined on a unitary, combined or consolidated basis. Under such rules, U.S. Cellular paid \$4.2 million to TDS, net of refunds from TDS, for such taxes in 2012.

Cash Management Agreement

From time to time we deposit our excess cash with TDS for investment under TDS' cash management program pursuant to the terms of a Cash Management Agreement. Such deposits are available to us on demand and bear interest each month at the 30-day commercial paper rate reported in The Wall Street Journal on the last business day of the preceding month plus $\frac{1}{4}\%$, or such higher rate as TDS may in its discretion offer on such demand deposits. We may elect to place funds with TDS for a longer period than on demand, in which event such funds will bear interest at the commercial paper rate for investments of similar maturity plus $\frac{1}{4}\%$, or at such higher rate as TDS may in its discretion offer on such investments.

Intercompany Agreement

In order to provide for certain transactions and relationships between the parties, U.S. Cellular and TDS have entered into an Intercompany Agreement, providing among other things, as follows:

Services. U.S. Cellular and TDS make available to each other from time to time services relating to operations, marketing, human resources, accounting, customer services, customer billing, finance, and general administration, among others. Unless otherwise provided by written agreement, services provided by TDS or any of its subsidiaries are charged and paid for in conformity with the customary practices of TDS for charging TDS' non-telephone company subsidiaries. Payments by us to TDS for such services totaled \$87.0 million in 2012. For services provided to TDS, we receive payment for the salaries of our employees and agents assigned to render such services (plus 40% of the cost of such salaries in respect of overhead) for the time spent rendering such services, plus out-of-pocket expenses. Payments by TDS to us for such services were nominal in 2012.

Equipment and Materials. We purchase materials and equipment from TDS and its subsidiaries on the same basis as materials and equipment are purchased by any TDS affiliate from another TDS affiliate. Purchases by us from TDS affiliates totaled \$11.1 million in 2012.

Accountants and Legal Counsel. We have agreed to engage the firm of independent registered public accountants selected by TDS for purposes of auditing our financial statements, including the financial statements of our direct and indirect subsidiaries, and providing certain other services. We have also agreed that, in any case where legal counsel is to be engaged to represent the parties for any purpose, TDS has the right to select the counsel to be engaged, which may be the same counsel selected to represent TDS unless such counsel deems there to be a conflict. If we use the same counsel as TDS, each of us and TDS is responsible for the portion of the fees and expenses of such counsel determined by such counsel to be allocable to each.

Indemnification. We have agreed to indemnify TDS against certain losses, claims, damages or liabilities, including those arising out of: (1) the conduct of our business (except where the loss, claim, damage or liability arises principally from TDS' gross negligence or willful misconduct); and (2) any inaccurate representation or breach of warranty under the Intercompany Agreement. TDS will similarly indemnify us with respect to: (1) the conduct by TDS of its non-cellular businesses before July 1, 1987 (except where the loss, claim, damage or liability arises principally from U.S. Cellular's gross negligence or willful misconduct); and (2) any inaccurate representation or breach of warranty under the Intercompany Agreement.

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Disposal of Company Securities. TDS will not dispose of any of our securities held by it if such disposition would result in the loss of any license or other authorization held by us and such loss would have a material adverse effect on us.

Transfer of Assets. Without the prior written consent of TDS, we may not transfer (by sale, merger or otherwise) more than 15% of our consolidated assets unless the transferee agrees to become subject to the Intercompany Agreement.

Registration Rights Agreement; Other Sales of Common Shares

Under a Registration Rights Agreement, we have agreed, upon the request of TDS, to file one or more registration statements under the Securities Act of 1933 or take other appropriate action under the laws of foreign jurisdictions in order to permit TDS to offer and sell, domestically or abroad, any of our debt or equity securities that TDS may hold at any time. TDS will pay all costs relating thereto and any underwriting discounts and commissions relating to any such offering, except that we will pay the fees of any counsel, accountants, trustees, transfer agents or other agents retained by U.S. Cellular in connection therewith. TDS has the right to select the counsel we retain to assist it to fulfill any of its obligations under the Registration Rights Agreement.

There is no limitation on the number or frequency of the occasions on which TDS may exercise its registration rights, except that we will not be required to comply with any registration request unless, in the case of a class of equity securities, the request involves at least the lesser of 1,000,000 shares or 1% of the total number of shares of such class then outstanding, or, in the case of a class of debt securities, the principal amount of debt securities covered by the request is at least \$5,000,000. We have also granted TDS the right to include our securities owned by TDS in certain registration statements covering offerings by us and will pay all costs of such offerings other than incremental costs attributable to the inclusion of our securities owned by TDS in such registration statements.

We will indemnify TDS and its officers, directors and controlling persons against certain liabilities arising under the laws of any country in respect of any registration or other offering covered by the Registration Rights Agreement. We have the right to require TDS to delay any exercise by TDS of its rights to require registration and other actions for a period of up to 90 days if, in our judgment, any offering by us then being conducted or about to be conducted would be materially adversely affected. TDS has further agreed that it will not include any of our securities owned by TDS in any registration statement filed by us which, in the judgment of the managing underwriters, would materially adversely affect any offering by us. The rights of TDS under the Registration Rights Agreement are transferable to non-affiliates of TDS.

Insurance Cost Sharing Agreement

Pursuant to an Insurance Cost Sharing Agreement, we and our officers, directors and employees are afforded coverage under certain insurance policies purchased by TDS. A portion of the premiums payable under each such policy is allocated by TDS to us on the same basis as premiums were allocated before the Insurance Cost Sharing Agreement was entered into, if the policies are the same as or similar to the policies in effect before the Insurance Cost Sharing Agreement was entered into, or on such other reasonable basis as TDS may select from time to time. If TDS decides to change the allocation of premiums at any time, TDS will consult with us before the change is made, but the decision as to whether to make the change will be in the reasonable discretion of TDS. We believe that the amounts payable by us under the Insurance Cost Sharing Agreement are generally more favorable than the premiums we would pay if we were to obtain coverage under separate policies. Payments made by U.S. Cellular to TDS under the Insurance Cost Sharing Agreement totaled \$6.2 million in 2012.

Employee Benefit Plans Agreement

Under an Employee Benefit Plans Agreement, our employees participate in certain TDS-sponsored employee benefit plans. We reimburse TDS for the costs associated with such participation. Payments made by U.S. Cellular to TDS under the Employee Benefit Plans Agreement totaled \$0.8 million in 2012.

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Certain Relationships and Related Transactions

The following persons are partners of Sidley Austin LLP, the principal law firm of U.S. Cellular, TDS and their subsidiaries: Walter C.D. Carlson, a trustee and beneficiary of the voting trust that controls TDS, which controls U.S. Cellular, the non-executive Chairman of the Board and member of the board of directors of TDS and a director of U.S. Cellular; William S. DeCarlo, the General Counsel of TDS and an Assistant Secretary of TDS and certain subsidiaries of TDS; and Stephen P. Fitzell, the General Counsel and an Assistant Secretary of U.S. Cellular and certain subsidiaries of TDS. Walter C.D. Carlson does not provide legal services to U.S. Cellular, TDS or their subsidiaries. U.S. Cellular and its subsidiaries incurred legal costs from Sidley Austin LLP of \$10.7 million in 2012, \$9.2 million in 2011 and \$9.8 million in 2010.

In 2012, certain subsidiaries of U.S. Cellular agreed to lease wireless spectrum from Airadigm Communications, Inc. ("Airadigm") to enhance wireless services in existing markets. Both U.S. Cellular and Airadigm are consolidated subsidiaries of TDS. The lease agreements require U.S. Cellular to make payments of approximately \$0.5 million to Airadigm annually for a period of five years after which U.S. Cellular will have an option to renew the lease for a fixed period of time. U.S. Cellular accounts for these leases as operating leases and includes the lease payments as system operations expense in the Consolidated Statement of Operations.

See also the discussion of transactions between Citigroup Inc. and U.S. Cellular and TDS under the description of Cecelia D. Stewart above under "Election of Directors."

The Audit Committee of the board of directors is responsible for the review and evaluation of all related party transactions, as such term is defined by the rules of the NYSE.

Table of Contents**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table provides information as of December 31, 2012 regarding U.S. Cellular Common Shares that may be issued under equity compensation plans currently maintained by U.S. Cellular.

Plan Category	(a) Number of securities to be issued upon the exercise of outstanding options and rights	(b) Weighted-average exercise price of outstanding options and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders(1)	3,779,407	\$ 48.43	1,907,061
Equity compensation plans not approved by security holders			
TOTAL	3,779,407	\$ 48.43	1,907,061

Explanation of Columns:

- (a) Represents the number of securities to be issued upon the exercise of outstanding options or pursuant to unvested restricted stock units and vested and unvested phantom stock units.
- (b) Represents the weighted-average exercise price of all outstanding options. Restricted stock units and phantom stock units do not have an exercise price.
- (c) Represents the number of securities remaining available for future issuance under the plan, other than securities to be issued upon the exercise of outstanding options or pursuant to restricted stock units and phantom stock units disclosed in column (a).

Footnotes:

- (1) This includes the following plans that have been approved by U.S. Cellular shareholders:

Plan	Number of securities to be issued upon the exercise of outstanding options and rights	Number of securities remaining available for future issuance (excluding securities reflected in prior column)	Total
Non-Employee Director Compensation Plan		24,657	24,657
2005 Long-Term Incentive Plan	3,779,407	1,882,404	5,661,811

TOTAL	3,779,407	1,907,061	5,686,468
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The above is based on information as of December 31, 2012 and does not reflect any changes or additions after that date.

See Note 15 Stock-Based Compensation, in the notes to the consolidated financial statements included in our 2012 Annual Report to shareholders for certain information about the Non-Employee Director Compensation Plan and the 2005 Long-Term Incentive Plan, which is incorporated by reference herein.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

For purposes of the following tables, percentages are calculated pursuant to SEC Rule 13d-3(d)(1). Under such rule, shares underlying options that are currently exercisable or exercisable within 60 days after February 28, 2013, restricted stock units that become vested within 60 days after February 28, 2013 and vested phantom stock units are deemed to be outstanding for the purpose of calculating the number of shares owned and percentages of shares and voting power with respect to the person holding such options, restricted stock units or phantom stock units, but are not deemed to be outstanding for the purpose of calculating the percentages of shares or voting power of other persons.

U.S. Cellular

On February 28, 2013, there were outstanding 50,667,473 Common Shares, par value \$1.00 per share (excluding 4,400,746 Common Shares held by U.S. Cellular and a subsidiary of U.S. Cellular), and 33,005,877 Series A Common Shares, par value \$1.00 per share, representing a total of 83,673,350 shares of common stock. As of February 28, 2013, no shares of our Preferred Stock, par value \$1.00 per share, were outstanding. Holders of outstanding Common Shares are entitled to elect 25% of the directors (rounded up to the nearest whole number) and are entitled to one vote for each Common Share held in such holder's name with respect to all matters on which the holders of Common Shares are entitled to vote at the Annual Meeting. The holder of Series A Common Shares is entitled to elect 75% of the directors (rounded down to the nearest whole number) and is entitled to ten votes for each Series A Common Share held in such holder's name with respect to all matters on which the holder of Series A Common Shares is entitled to vote. Accordingly, the voting power of the Series A Common Shares with respect to matters other than the election of directors was 330,058,770 votes, and the total voting power of all outstanding shares of capital stock was 380,726,243 as of February 28, 2013.

Security Ownership of U.S. Cellular by Certain Beneficial Owners

The following table sets forth, as of February 28, 2013, or the latest practicable date, information regarding the person(s) who beneficially own more than 5% of any class of our voting securities.

Shareholder's Name and Address	U.S. Cellular Title of Class or Series	Amount and Nature of Percent of Beneficial Class or Series		Percent of Shares or Common Voting Stock Power(2)	
		(1)	Series		
Telephone and Data Systems, Inc. 30 North LaSalle Street Chicago, Illinois 60602	Common Shares	37,782,826	74.6%	45.2%	9.9%
	Series A Common Shares(3)	33,005,877	100.0%	39.4%	86.7%
	Total	70,788,703	N/A	84.6%	96.6%
GAMCO Investors, Inc.(4) One Corporate Center Rye, New York 10580	Common Shares	4,982,050	9.8%	6.0%	1.3%

*
Less than 1%.

(1) The nature of beneficial ownership is sole voting and investment power unless otherwise specified.

(2) Represents voting power in matters other than the election of directors.

(3) The Series A Common Shares are convertible on a share-for-share basis into Common Shares. The above numbers of shares and percentages do not assume conversion because TDS has advised U.S. Cellular that it has no present intention of converting its Series A Common Shares.

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(4)

Based on the most recent Schedule 13D (Amendment No. 8) filed with the SEC, GAMCO Investors, Inc. and its affiliates report sole voting authority with respect to an aggregate of 4,746,750 Common Shares and sole investment authority with respect to an aggregate of 4,982,050 Common Shares.

Table of Contents**Security Ownership of U.S. Cellular by Management**

The following executive officers and directors and all executive officers and directors as a group beneficially owned the following number of our Common Shares as of February 28, 2013 or the latest practicable date (includes LeRoy T. Carlson as director emeritus).

Name of Individual or Number of Persons in Group	U.S. Cellular Title of Class or Series	Amount and Nature of Beneficial Ownership(1)	Percent of		
			Shares of Common Stock	Class or Common Voting Power(2)	Percent of Common Voting Power(2)
LeRoy T. Carlson	Common Shares	1,243	*	*	*
LeRoy T. Carlson, Jr.	Common Shares				
Mary N. Dillon(3)	Common Shares	134,680	*	*	*
Walter C.D. Carlson(6)	Common Shares	11,953	*	*	*
Kenneth R. Meyers(4)	Common Shares	87,155	*	*	*
James Barr III(6)	Common Shares	6,049	*	*	*
J. Samuel Crowley(6)	Common Shares	4,548	*	*	*
Ronald E. Daly(6)	Common Shares	4,945	*	*	*
Paul-Henri Denuit	Common Shares				
Harry J. Harczak, Jr.(6)	Common Shares	7,895	*	*	*
Gregory P. Josefowicz(6)	Common Shares	6,049	*	*	*
Cecelia D. Stewart	Common Shares				
Steven T. Campbell(5)	Common Shares	150,420	*	*	*
Jeffrey J. Childs(7)	Common Shares	162,137	*	*	*
Carter S. Elenz(8)	Common Shares	20,866	*	*	*
Michael S. Irizarry(9)	Common Shares	201,371	*	*	*
Other executive officers(10)	Common Shares	7,159	*	*	*
All directors and executive officers as a group (18 persons)(6)(11)	Common Shares	806,470	1.6%	1.0%	*

*

Less than 1%.

- (1) The nature of beneficial ownership is sole voting and investment power unless otherwise specified. Except with respect to customary brokerage agreement terms, none of the above shares is pledged as security, unless otherwise specified. Includes Common Shares as to which voting and/or investment power is shared and/or shares held by spouse and/or children.
- (2) Represents the percent of voting power in matters other than the election of directors.
- (3) Includes 130,525 Common Shares subject to stock options that are currently exercisable or exercisable within 60 days.
- (4) Includes 48,826 Common Shares subject to stock options that are currently exercisable or exercisable within 60 days.
- (5) Includes 136,738 Common Shares subject to stock options that are currently exercisable or exercisable within 60 days and restricted stock units with respect to 6,310 Common Shares that are subject to vesting within 60 days.
- (6) Includes 2,174 Common Shares earned pursuant to the Non-Employee Directors' Plan as of February 28, 2013 that were issued in March 2013. Paul-Henri Denuit did not receive Common Shares under the Non-Employee Directors' Plan in March 2013 because he is not a citizen of the United States and pursuant to the terms of the Non-Employee Directors' Plan, has elected to receive the annual stock award in the form of cash.
- (7)

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Includes 147,341 Common Shares subject to stock options that are currently exercisable or exercisable within 60 days and restricted stock units with respect to 5,491 Common Shares that are subject to vesting within 60 days.

(8) Includes 20,866 Common Shares subject to stock options that are currently exercisable or exercisable within 60 days.

(9) Includes 187,005 Common Shares subject to stock options that are currently exercisable or exercisable within 60 days and restricted stock units with respect to 9,255 Common Shares that are subject to vesting within 60 days.

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- (10) Includes Common Shares held by the executive officers who are not specifically identified in the above table: David C. Kimbell and Douglas D. Shuma.
- (11) Includes 699,516 Common Shares subject to stock options that are currently exercisable or exercisable within 60 days and/or restricted stock units that are subject to vesting within 60 days by all directors and executive officers as a group. Also includes 4,155 Common Shares underlying vested phantom stock units beneficially owned by Ms. Dillon.

TDS

Several of our officers and directors also indirectly hold ownership interests in U.S. Cellular by virtue of their ownership of the capital stock of TDS.

Description of TDS Securities

On February 28, 2013, TDS had outstanding and entitled to vote 100,881,901 Common Shares, par value \$.01 per share ("TDS Common Shares") (excluding 23,620,281 TDS Common Shares held by TDS and 1,010,133 TDS Common Shares held by a subsidiary of TDS), and 7,160,055 Series A Common Shares, par value \$.01 per share ("TDS Series A Common Shares") (collectively representing a total of 108,041,956 shares of common stock); and 8,246 Preferred Shares, par value \$.01 per share ("TDS Preferred Shares").

In matters other than the election of directors, each of the TDS Preferred Shares is entitled to one vote, each of the TDS Series A Common Shares is entitled to ten votes and each of the TDS Common Shares is entitled to a vote per share that floats. The total voting power of the TDS Series A Common Shares was 71,600,551 votes at February 28, 2013 with respect to matters other than the election of directors. The total voting power of the TDS Common Shares was 54,644,043 votes at February 28, 2013 with respect to matters other than the election of directors. The total voting power of all outstanding shares of all classes of capital stock was 126,252,840 votes at February 28, 2013 with respect to matters other than the election of directors, including 8,246 votes by holders of TDS Preferred Shares.

For purposes of the following tables, percentages are calculated pursuant to SEC Rule 13d-3(d)(1). Under such rule, shares underlying options that are currently exercisable or exercisable within 60 days after February 28, 2013, restricted stock units that become vested within 60 days after February 28, 2013 and vested phantom stock units are deemed to be outstanding for the purpose of calculating the number of shares owned and percentages of shares and voting power with respect to the person holding such options, restricted stock units or phantom stock units, but are not deemed to be outstanding for the purpose of calculating the percentages of shares or voting power of other persons.

Table of Contents**Beneficial Ownership of TDS by Directors and Executive Officers of U.S. Cellular**

The following table sets forth as of February 28, 2013, or the latest practicable date, the number of TDS Common Shares and TDS Series A Common Shares beneficially owned, and the percentage of the outstanding shares of each such class so owned, by each director (and director emeritus) of U.S. Cellular, by each of the executive officers named in the Summary Compensation Table and by all directors and executive officers of U.S. Cellular as a group. As of February 28, 2013, none of the directors or executive officers of U.S. Cellular beneficially owned TDS Preferred Shares. If a class of common stock is not indicated for an individual or group, no shares of such class are beneficially owned by such individual or group.

Name of Individual or Number of Persons in Group	Title of Class or Series	Amount and Nature of Beneficial Ownership(1)	Percent of Class or Series	Percent of Common Stock	Percent of Voting Power(2)
LeRoy T. Carlson, Jr., Walter C.D. Carlson, Letitia G. Carlson, M.D. and Prudence E. Carlson(3)	TDS Common Shares	6,121,944	6.1%	5.7%	2.6%
	TDS Series A Common Shares	6,786,602	94.8%	6.3%	53.8%
LeRoy T. Carlson(4)(7)	TDS Common Shares	593,621	*	*	*
	TDS Series A Common Shares	62,740	*	*	*
LeRoy T. Carlson, Jr.(5)(7)	TDS Common Shares	1,797,916	1.8%	1.6%	*
	TDS Series A Common Shares	20,548	*	*	*
Walter C.D. Carlson(6)(8)	TDS Common Shares	27,611	*	*	*
	TDS Series A Common Shares	1,038	*	*	*
Mary N. Dillon					
Kenneth R. Meyers(7)	TDS Common Shares	474,422	*	*	*
James Barr III	TDS Common Shares	11,247	*	*	*
J. Samuel Crowley					
Ronald E. Daly					
Paul-Henri Denuit					
Harry J. Harczak, Jr.					
Gregory P. Josefowicz	TDS Common Shares	2,915	*	*	*
Cecelia D. Stewart					
Steven T. Campbell					
Jeffrey J. Childs					
Carter S. Elenz					
Michael S. Irizarry					
Other executive officers(7)(9)	TDS Common Shares	75,383	*	*	*
All directors and executive officers as a group (18 persons)(7)(9)	TDS Common Shares	9,105,059	8.8%	8.2%	3.9%
	TDS Series A Common Shares	6,870,928	96.0%	6.4%	54.4%

*

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Less than 1%

(1)

The nature of beneficial ownership is sole voting and investment power, except as otherwise set forth in these footnotes. Except with respect to customary brokerage agreement terms, none of the above shares are pledged as security, unless otherwise specified. Includes shares as to which voting and/or investment power is shared, and/or shares held by spouse and/or children.

(2)

Represents the percent of voting power in matters other than the election of directors.

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- (3) The shares listed are held by the persons named as trustees under the TDS Voting Trust which expires June 30, 2035, created to facilitate long-standing relationships among the trust certificate holders. The trustees share voting and investment power. The address of the trustees of the TDS Voting Trust in their capacities as such is c/o LeRoy T. Carlson, Jr., Telephone and Data Systems, Inc., 30 N. LaSalle St., Suite 4000, Chicago, IL 60602. Under the terms of the TDS Voting Trust, the trustees hold and vote the TDS Common Shares and TDS Series A Common Shares held in the trust. If the TDS Voting Trust were terminated, the following individuals, directly or indirectly with their spouses, would each be deemed to own beneficially more than 5% of the outstanding TDS Series A Common Shares: LeRoy T. Carlson, Jr., Walter C.D. Carlson, Prudence E. Carlson and Letitia G. Carlson, M.D. The above numbers of shares and percentages do not assume conversion of the TDS Series A Common Shares because the trustees have advised TDS that the TDS Voting Trust has no current intention of converting its TDS Series A Common Shares.
- (4) Includes 9,881 TDS Common Shares and 62,740 TDS Series A Common Shares held by Mr. Carlson's wife. Does not include 29,481 TDS Common Shares and 36,511 TDS Series A Common Shares held for the benefit of LeRoy T. Carlson or 191,541 TDS Common Shares and 209,161 TDS Series A Common Shares held for the benefit of Mr. Carlson's wife (an aggregate of 221,022 TDS Common Shares, or 0.2% of class, and 245,672 TDS Series A Common Shares, or 3.4% of class) in the TDS Voting Trust described in footnote (3).
- (5) Includes 518 TDS Common Shares and 297 TDS Series A Common Shares held by Mr. Carlson's wife outside the TDS Voting Trust. Also includes 3,768 TDS Common Shares held by Mr. Carlson's children.
- TDS Common Shares in TDS Voting Trust. Does not include 1,818,133 TDS Common Shares (1.8% of class) held in the TDS Voting Trust described in footnote (3) for the benefit of LeRoy T. Carlson, Jr., his spouse and/or their descendants (individually or through family partnerships, grantor retained annuity trusts, custodial arrangements and otherwise), of which (i) 419,783 TDS Common Shares are held for the benefit of LeRoy T. Carlson, Jr., and (ii) 686,322 TDS Common Shares (0.7% of class) are held by a family partnership for the benefit of descendants and family members of LeRoy T. Carlson and his spouse, of which LeRoy T. Carlson, Jr. is a general partner.
- TDS Series A Common Shares in TDS Voting Trust. Does not include 1,980,782 TDS Series A Common Shares (27.7% of class) held in the TDS Voting Trust described in footnote (3) for the benefit of LeRoy T. Carlson, Jr., his spouse and/or their descendants (individually or through family partnerships, grantor retained annuity trusts, custodial arrangements and otherwise), of which (i) 3,174 TDS Series A Common Shares are held for the benefit of LeRoy T. Carlson, Jr., and (ii) 747,560 TDS Series A Common Shares (10.4% of class) are held by a family partnership for the benefit of descendants and family members of LeRoy T. Carlson and his spouse, of which LeRoy T. Carlson, Jr. is a general partner.
- (6) TDS Common Shares in TDS Voting Trust. Does not include 1,911,963 TDS Common Shares (1.9% of class) held in the TDS Voting Trust described in footnote (3) for the benefit of Walter C.D. Carlson, his spouse and/or their descendants (individually or through family partnerships, grantor retained annuity trusts, custodial arrangements and otherwise), of which (i) 1,100,686 TDS Common Shares are held for the benefit of Walter C.D. Carlson, and (ii) 686,322 TDS Common Shares (0.7% of class) are held by a family partnership for the benefit of descendants and family members of LeRoy T. Carlson and his spouse, of which Walter C.D. Carlson is a general partner.
- TDS Series A Common Shares in TDS Voting Trust. Does not include 2,171,193 TDS Series A Common Shares (30.3% of class) held in the TDS Voting Trust described in footnote (3) for the benefit of Walter C.D. Carlson, his spouse and/or their descendants (individually or through family partnerships, grantor retained annuity trusts, custodial arrangements and otherwise), of which (i) 1,291,493 TDS Series A Common Shares are held for the benefit of Walter C.D. Carlson, and (ii) 747,560 TDS Series A Common Shares (10.4% of class) are held by a family partnership for the benefit of descendants and family members of LeRoy T. Carlson and his spouse, of which Walter C.D. Carlson is a general partner.
- (7) Includes the following number of TDS Common Shares that may be acquired pursuant to stock options and/or restricted stock units which are currently vested or will vest within 60 days after February 28, 2013: LeRoy T. Carlson, 369,549 shares; LeRoy T. Carlson, Jr., 1,616,288 shares; Kenneth R. Meyers, 404,075 shares; all other executive officers as a group, 61,547 shares; and all directors and executive officers as a group, 2,451,459 shares. Includes the following number of TDS Common Shares underlying vested phantom stock units: LeRoy T. Carlson, 121,383 shares; LeRoy T. Carlson, Jr., 54,845 shares; Kenneth R. Meyers, 16,422 shares; all other executive officers as a group, 5,377 shares; and all directors and executive officers as a group (includes Douglas D. Shuma), 198,027 shares.

(8)

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Includes TDS Common Shares earned pursuant to the TDS Non-Employee Directors' Plan as of February 28, 2013 that were issued in March 2013.

(9)

Includes shares held by the executive officers who are not specifically identified in the above table: David C. Kimbell and Douglas D. Shuma.

Table of Contents**Security Ownership by Certain Beneficial Owners**

In addition to persons listed in the preceding table and the footnotes thereto, the following table sets forth as of February 28, 2013, or the latest practicable date, information regarding each person who is known to TDS to own beneficially more than 5% of any class of voting securities of TDS, based on publicly available information and TDS' stock records as of such date. Some of the information below is based on reports filed by the below shareholders reporting TDS shares held as of December 31, 2012 and, in the absence of any SEC filings indicating otherwise, it was assumed that there was no change to such information between December 31, 2012 and February 28, 2013.

Shareholder's Name and Address	Title of Class or Series	Amount and Nature of Beneficial Ownership(1)	Percent		Percent of Voting Power(2)
			of Class or Series	of Shares of Common Stock	
BlackRock, Inc. 40 East 52nd Street New York, NY 10022(3)	TDS Common Shares	9,979,303	9.9%	9.2%	4.3%
Capital Research Global Investors 333 South Hope Street Los Angeles, CA 90071(4)	TDS Common Shares	9,901,989	9.8%	9.2%	4.2%
GAMCO Investors, Inc. One Corporate Center Rye, NY 10580(5)	TDS Common Shares	8,948,344	8.9%	8.3%	3.8%
State Street Corporation One Lincoln Street Boston, MA 02111(6)	TDS Common Shares	6,493,763	6.4%	6.0%	2.8%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355(7)	TDS Common Shares	5,640,027	5.6%	5.2%	2.4%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202(8)	TDS Common Shares	5,222,230	5.2%	4.8%	2.2%

*
Less than 1%

(1) The nature of beneficial ownership for shares in this column is sole voting and investment power, except as otherwise set forth in these footnotes.

(2) Represents voting power in matters other than the election of directors.

(3) Based on the most recent Schedule 13G (Amendment No. 3) filed with the SEC, BlackRock, Inc. and its affiliates report sole investment and voting authority with respect to an aggregate of 9,979,303 TDS Common Shares.

(4) Based on the most recent Schedule 13G (Amendment No. 3) filed with the SEC, Capital Research Global Investors reports shared investment authority and sole voting authority with respect to 9,901,989 TDS Common Shares.

(5) Based on the most recent Schedule 13D (Amendment No. 29) filed with the SEC, GAMCO Investors, Inc. and its affiliates report sole voting authority with respect to an aggregate of 8,540,760 TDS Common Shares, and sole investment authority with respect to an aggregate of 8,948,344 TDS Common Shares.

(6)

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Based on the most recent Schedule 13G filed with the SEC, State Street Corporation reports shared investment and voting authority with respect to an aggregate of 6,493,763 TDS Common Shares.

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- (7) Based on the most recent Schedule 13G filed with the SEC, The Vanguard Group reports sole voting authority with respect to 72,258 TDS Common Shares, sole investment authority with respect to 5,572,769 TDS Common Shares, and shared investment authority with respect to 67,258 TDS Common Shares.
- (8) Based on the most recent Schedule 13G filed with the SEC, T. Rowe Price Associates, Inc. reports sole voting authority with respect to 861,110 TDS Common Shares and sole investment authority with respect to 5,222,230 TDS Common Shares.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder require our directors and officers, and persons who are deemed to own more than ten percent of our Common Shares, to file certain reports with the SEC with respect to their beneficial ownership of our Common Shares. The reporting persons are also required to furnish us with copies of all such reports they file.

Based on a review of copies of such reports furnished to us by such reporting persons and written representations by our directors and officers, we believe that all filing requirements under Section 16 of the Securities Exchange Act applicable to such reporting persons during and with respect to 2012 were complied with on a timely basis.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

See "Executive and Director Compensation Compensation Committee Interlocks and Insider Participation" above.

SHAREHOLDER PROPOSALS FOR 2014 ANNUAL MEETING

The 2014 Annual Meeting of shareholders is currently scheduled for May 20, 2014, and the proxy statement for such meeting is expected to be dated on or about April 10, 2014.

Pursuant to SEC Rule 14a-8, proposals of shareholders intended to be included in U.S. Cellular's proxy statement and form of proxy relating to the 2014 Annual Meeting of shareholders must be received by U.S. Cellular at its principal executive offices not later than December 16, 2013 (120 calendar days before the anniversary date of this proxy statement of April 15, 2013). However, if the date of the 2014 Annual Meeting changes for any reason by more than 30 calendar days from May 14, 2014 (the one year anniversary date of the 2013 Annual Meeting), then the deadline will be a reasonable time before U.S. Cellular begins to print and send its proxy materials. In such event, U.S. Cellular would disclose such date in a Form 8-K, 10-Q or 10-K at the appropriate time.

In addition, pursuant to U.S. Cellular's bylaws, proposals by shareholders intended to be presented at the 2014 Annual Meeting of shareholders (other than proposals included in U.S. Cellular's proxy statement and form of proxy relating to the 2014 Annual Meeting pursuant to SEC Rule 14a-8), must be received by U.S. Cellular at its principal executive offices not earlier than December 16, 2013 and not later than January 15, 2014 (120 calendar days and 90 calendar days, respectively, before the anniversary date of this proxy statement of April 15, 2013) for consideration at the 2014 Annual Meeting of shareholders. However, if the 2014 Annual Meeting is changed by more than 30 calendar days before or after May 14, 2014 (the one year anniversary date of the 2013 Annual Meeting), a shareholder proposal must be received by U.S. Cellular not later than the close of business on the tenth calendar day following the date of public notice of the revised date of the 2014 Annual Meeting.

Pursuant to SEC rules, the proxy solicited by our board of directors for the 2014 Annual Meeting will confer discretionary authority to vote on any matter that may properly come before such meeting or any adjournment thereof, to the extent permitted by applicable law and regulation.

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SOLICITATION OF PROXIES

Your proxy is being solicited by our board of directors and its agents and the cost of solicitation will be paid by U.S. Cellular. Officers, directors and regular employees of U.S. Cellular, acting on its behalf, may also solicit proxies by mail, e-mail, advertisement, telephone, telecopy, in person and other methods. None of such persons will receive additional compensation for such solicitations. U.S. Cellular will, at its expense, request brokers and other custodians, nominees and fiduciaries to forward proxy soliciting material to the beneficial owners of shares of record.

FINANCIAL AND OTHER INFORMATION

We will furnish you or any shareholder as of the record date without charge a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, including the financial statements and the schedules thereto, upon written or oral request, and will provide copies of the exhibits to any such documents upon payment of a reasonable fee that will not exceed our reasonable expenses incurred in connection therewith. Requests for such materials should be directed to United States Cellular Corporation, c/o Telephone and Data Systems, Inc., 30 North LaSalle Street, 40th Floor, Chicago, Illinois 60602, Attention: Investor Relations, telephone (312) 630-1900.

In addition, to the extent that, as permitted by SEC rules, U.S. Cellular delivers only one copy of an Annual Report to shareholders, proxy statement or notice of internet availability of proxy materials to an address that is shared by separate persons who are shareholders (addressed to such shareholders as a group), U.S. Cellular shall deliver promptly additional copies of any of such documents without charge to any shareholder located at such shared address upon written or oral request by such shareholder. Requests should be directed as indicated in the preceding paragraph.

OTHER BUSINESS

It is not anticipated that any action will be asked of the shareholders other than those set forth above, but if other matters are properly brought before the Annual Meeting, the persons named in the proxy will vote in accordance with their best judgment.

By order of the Board of Directors

JANE W. MCCAHERN

Vice President and Corporate Secretary

All shareholders are urged to sign, date and mail their proxy card promptly or vote on the Internet in accordance with the instructions set forth on the proxy card

**UNITED STATES CELLULAR CORPORATION
2013 LONG-TERM INCENTIVE PLAN**

ARTICLE I

PURPOSE

The purposes of this United States Cellular Corporation 2013 Long-Term Incentive Plan (the "Plan") are (i) to align the interests of the stockholders of the Company and recipients of awards under this Plan by increasing the proprietary interest of such recipients in the Company's growth and success, (ii) to advance the interests of the Company by attracting and retaining officers and other employees of the Company and certain of its Affiliates, and (iii) to motivate such persons to act in the long-term best interests of the Company and its stockholders. As of the effective date of the Plan, no further awards shall be granted under a Prior Plan, except with respect to annual bonus deferrals and related employer match awards for calendar years commencing prior to January 1, 2014.

ARTICLE II

DEFINITIONS

For purposes of the Plan, the following capitalized terms shall have the meanings set forth in this Article.

2.1 "Account Balance Plan" shall mean an "account balance plan" within the meaning of Treasury Regulation §1.409A-1(c)(2)(i)(A) (whether elective or non-elective in nature) maintained by an Employer or any affiliate thereof. "Affiliate" for this purpose shall mean (i) a corporation that is a member of the same controlled group of corporations (within the meaning of section 414(b) of the Code) as an Employer or (ii) a trade or business (whether or not incorporated) under common control (within the meaning of section 414(c) of the Code) with an Employer. An Account Balance Plan shall include, without limitation, (i) the deferral arrangement set forth in Article VII of this Plan and any similar deferral arrangement set forth in a Prior Plan, (ii) the Company's Executive Deferred Compensation Interest Account Plan, (iii) the interest-bearing deferral arrangements maintained by TDS and TDS Telecommunications Corporation, (iv) the Telephone and Data Systems, Inc. Supplemental Executive Retirement Plan and (v) the deferral arrangement maintained by TDS under its Long-Term Incentive Plan.

2.2 "Affiliate" shall mean (i) TDS, (ii) a Person of which the Company or TDS, directly or indirectly, owns or controls shares or securities or other interests having combined voting power sufficient to permit the Company or TDS to elect at least a majority of the members of the board of directors or other governing body of such Person or (iii) a corporation at least 50% of whose outstanding stock or the combined voting power of such outstanding stock is owned, directly or indirectly, by the Company or by TDS.

2.3 "Agreement" shall mean a written or electronic agreement between the Company and an award recipient evidencing an award granted hereunder.

2.4 "Board" shall mean the board of directors of the Company.

2.5 "Bonus Stock" shall mean shares of Common Stock awarded hereunder that are not subject to a Restriction Period or Performance Measures.

2.6 "Bonus Stock Award" shall mean an award of Bonus Stock.

2.7 "Bonus Year" shall mean each calendar year commencing on or after January 1, 2014 for which an annual bonus is payable. For the avoidance of doubt, any annual bonus deferral and related employer match award with respect to bonus years commencing prior to January 1, 2014 shall be governed by the terms of the United States Cellular Corporation 2005 Long-Term Incentive Plan, as amended.

2.8 "Change in Control" shall have the meaning set forth in Section 8.9(b).

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- 2.9 "Code" shall mean the Internal Revenue Code of 1986, as amended.
- 2.10 "Committee" shall mean a committee designated by the Board, consisting of two or more members of the Board, each of whom may be (i) an "outside director" within the meaning of section 162(m) of the Code and (ii) a "Non-Employee Director" within the meaning of Rule 16b-3 under the Exchange Act.
- 2.11 "Common Stock" shall mean the class of shares of the Company designated as "Common Shares" in its Certificate of Incorporation.
- 2.12 "Company" shall mean United States Cellular Corporation, a Delaware corporation, or any successor thereto.
- 2.13 "Deferred Compensation Account" shall mean a book reserve maintained by the Company for the purpose of measuring the amount of deferred compensation payable to an employee under Article VII of the Plan.
- 2.14 "Disability" shall mean, solely for purposes of Article VII of the Plan, an employee's (i) inability to engage in any substantial gainful activity or (ii) receipt of income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the employee's employer, in each case as a result of a medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.
- 2.15 "Distributable Balance" shall mean the portion of an employee's Deferred Compensation Account that is nonforfeitable.
- 2.16 "Employer" shall mean the Company, USCC Payroll Corporation or any Affiliate designated by the Committee and approved by the Board.
- 2.17 "Employer Match Award" shall mean an amount credited to an employee's Deferred Compensation Account pursuant to Section 7.2 that is based upon the amount deferred by the employee pursuant to Section 7.1.
- 2.18 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.
- 2.19 "Fair Market Value" of a share of Common Stock shall mean its closing sale price on the principal national stock exchange on which the Common Stock is traded on the date as of which such value is being determined, or, if there shall be no reported sale for such date, on the next preceding date for which a sale was reported; *provided, however*, that if the Common Stock is not listed on a national stock exchange or if Fair Market Value for any date cannot be so determined, Fair Market Value shall be determined by the Committee by whatever means or method as the Committee, in the good faith exercise of its discretion, shall at such time deem appropriate and in compliance with section 409A of the Code.
- 2.20 "Free-Standing SAR" shall mean an SAR which is not granted in tandem with, or by reference to, a Stock Option, which entitles the holder thereof to receive, upon exercise, shares of Common Stock, cash or a combination thereof with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the base price of such SAR, multiplied by the number of such SARs which are exercised.
- 2.21 "Incentive Stock Option" shall mean an option to purchase shares of Common Stock that meets the requirements of section 422 of the Code (or any successor provision) and that is designated as intended to constitute an incentive stock option.
- 2.22 "Legal Representative" shall mean a guardian, legal representative or other Person acting in a similar capacity with respect to an award holder.
- 2.23 "Newly Eligible Employee" shall mean an employee who (i) newly is eligible to participate in the deferral program set forth in Article VII and (ii) was not, at any time during the 24-month period ending on the date on which he or she became eligible to participate in such deferral program, eligible to participate in an Account Balance Plan (irrespective of whether such employee in fact elected to

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participate in such plan). For this purpose, an employee is not eligible to participate in an Account Balance Plan solely on account of the accrual of interest or earnings on amounts previously deferred thereunder.

2.24 "Non-Qualified Stock Option" shall mean an option to purchase shares of Common Stock that is not an Incentive Stock Option.

2.25 "Officer" shall mean an individual who is designated as an officer of an Employer by the board of directors of the Employer or by the By-laws of the Employer.

2.26 "Performance Award" shall mean a right, contingent upon the attainment of specified Performance Measures within a specified Performance Period, to receive payment in cash or in shares of Common Stock of a specified amount.

2.27 "Performance Measures" shall mean criteria and objectives established by the Committee that must be attained (i) as a condition to the grant or exercisability of certain Stock Options or SARs, (ii) as a condition to the grant of certain Stock Awards or (iii) during the applicable Restriction Period or Performance Period as a condition to (A) in the case of certain Restricted Stock Awards, the vesting of the award recipient's interest in the Common Stock subject to such awards or (B) in the case of certain Restricted Stock Unit Awards or Performance Awards, the award recipient's receipt of the Common Stock subject to such awards or the cash amount payable with respect to such awards (or a combination thereof). In the case of an award intended to be "qualified performance-based compensation" within the meaning of section 162(m) of the Code and the regulations thereunder, to the extent necessary to so qualify, such criteria and objectives shall be any one or more of the following corporate-wide or subsidiary, division, operating unit or individual measures, stated in either absolute or relative terms: the attainment by a share of Common Stock of a specified Fair Market Value for a specified period of time; earnings per share; return to stockholders (including dividends); return on assets; return on equity; return on capital; earnings before or after taxes and/or interest; return on investments; interest expense; cash flows; revenues; sales; costs; expenses; capital expenditures; earnings; economic value created; operating margin; gross margin; net income before or after taxes; pretax earnings before interest, depreciation and/or amortization; operating earnings either before or after interest expense and either before or after incentives; market share; attainment of cost reduction goals; customer count; customer additions; cost per gross or net customer addition; revenue per customer; customer turnover rate; return on operating costs; ratios of employees to volume of business measures and population in licensed or operating markets; financing costs; ratios of capital spending and investment to volume of business measures; and strategic business criteria, consisting of one or more objectives based on meeting specified market penetration, geographic business expansion goals, cost targets, customer satisfaction, reductions in errors and omissions, reductions in lost business, management of employment practices and employee benefits, supervision of litigation and information technology, quality and quality audit scores, and goals relating to acquisitions or divestitures or any combination thereof. Subject to section 162(m) of the Code with respect to an award that is intended to be "qualified performance-based compensation," the Committee, in its sole discretion, may amend or adjust the Performance Measures or other terms and conditions of an outstanding award in recognition of unusual or nonrecurring events affecting the Company or its financial statements or changes in law or accounting principles.

2.28 "Performance Period" shall mean a period designated by the Committee during which (i) Performance Measures applicable to an award shall be measured and (ii) the conditions to vesting applicable to an award shall remain in effect.

2.29 "Permitted Transferee" shall mean (i) the award recipient's spouse or former spouse, (ii) any of the award recipient's children, stepchildren, grandchildren, parents, stepparents, grandparents, nieces, nephews or siblings, including adoptive relationships, (iii) any of the award recipient's mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, (iv) a trust of which the award recipient or one or more of the Persons described in clauses (i), (ii) or (iii) hereof are the only beneficiaries during the term the award is held by a Permitted Transferee, (v) a partnership in which no Person is a partner other than the award recipient or one or more of the Persons described in clauses (i)-(vii) hereof, (vi) a limited liability company in which no Person is a member other than the award recipient or one or more of the Persons described in clauses (i)-(vii) hereof, or (vii) any

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other Person who would be eligible to exercise Stock Options and SARs under Form S-8, issued under the Securities Act of 1933, as amended, and who is approved in writing by the Committee prior to any transfer of an award, provided that any Person described in clauses (i)-(vii) hereof has entered into a written agreement with the Company to withhold shares of Common Stock or cash which would otherwise be delivered or payable to such Person to satisfy any federal, state, local or other taxes that may be required to be withheld or paid in connection with the award in the event that the award recipient does not provide for an arrangement satisfactory to the Company to assure that such taxes will be paid.

2.30 "Person" shall mean any individual, group, firm, corporation, general partnership, limited partnership, limited liability partnership, limited liability company, joint venture, association, trust or other entity.

2.31 "Prior Plan" shall mean the United States Cellular Corporation 2005 Long-Term Incentive Plan, as amended, and any similar plan maintained by the Company for the benefit of employees or officers of the Employers under which equity compensation awards remain outstanding as of the effective date of the Plan.

2.32 "Restricted Stock" shall mean shares of Common Stock that are subject to a Restriction Period.

2.33 "Restricted Stock Award" shall mean an award of Restricted Stock.

2.34 "Restricted Stock Unit" shall mean a right that entitles the holder thereof to receive a share of Common Stock or cash equal to the Fair Market Value of a share of Common Stock, which shall be contingent upon the expiration of a specified Restriction Period.

2.35 "Restricted Stock Unit Award" shall mean an award of Restricted Stock Units.

2.36 "Restriction Period" shall mean any period designated by the Committee during which (i) the Common Stock subject to a Restricted Stock Award shall not be sold, transferred, assigned, pledged, hypothecated or otherwise encumbered or disposed of, except as provided in the Plan or the Agreement relating to such award, or (ii) the restrictions applicable to a Restricted Stock Unit Award shall remain in effect.

2.37 "Retirement" shall mean, solely for purposes of Article VII of the Plan, an employee's Separation from Service on or after his or her Early Retirement Date or Normal Retirement Date (as defined in the Telephone and Data Systems, Inc. Pension Plan).

2.38 "SAR" shall mean a stock appreciation right, which may be a Free-Standing SAR or a Tandem SAR.

2.39 "Separation from Service" shall mean a termination of employment with the Employers and their affiliates within the meaning of Treasury Regulation §1.409A-1(h) (without regard to any permissible alternative definition thereunder). "Affiliate" for this purpose shall mean (i) a corporation that is a member of the same controlled group of corporations (within the meaning of section 414(b) of the Code) as an Employer or (ii) a trade or business (whether or not incorporated) under common control (within the meaning of section 414(c) of the Code) with an Employer, but in each case substituting a 50% ownership level for the 80% ownership level specified therein.

2.40 "Specified Employee" shall have the meaning set forth in the "Section 409A Specified Employee Policy of Telephone and Data Systems, Inc. and its Affiliates," which policy hereby is incorporated herein by reference.

2.41 "Stock Award" shall mean a Bonus Stock Award, a Restricted Stock Award or a Restricted Stock Unit Award.

2.42 "Stock Option" shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

2.43 "Tandem SAR" shall mean an SAR which is granted in tandem with, or by reference to, a Stock Option, which entitles the holder thereof to receive, upon exercise of such SAR and surrender for cancellation of all or a portion of such Stock Option, shares of Common Stock, cash or a combination thereof with an aggregate value equal to the excess of the Fair Market Value of one share of Common

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Stock on the date of exercise over the base price of such SAR, multiplied by the number of shares of Common Stock subject to the Stock Option, or portion thereof, which is surrendered.

2.44 "TDS" shall mean Telephone and Data Systems, Inc., a Delaware corporation, or any successor thereto.

2.45 "Unforeseeable Emergency" shall mean a severe financial hardship to an employee resulting from (i) an illness or accident of the employee, the employee's spouse, the employee's designated beneficiary or the employee's dependent (as defined in section 152 of the Code, without regard to sections 152(b)(1), (b)(2) and (d)(1)(B)), (ii) the loss of the employee's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, irrespective of whether caused by a natural disaster), or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the employee.

ARTICLE III

ELIGIBILITY AND ADMINISTRATION

3.1 *Eligibility.* Participants in the Plan shall consist of such employees of the Employers as the Committee in its sole discretion may select from time to time. The Committee's selection of an employee to participate in the Plan at any time shall not require the Committee to select such employee to participate in the Plan at any other time. Except as otherwise provided in an Agreement, for purposes of this Plan, references to employment by an Employer shall also mean employment by an Affiliate.

3.2 *Administration. (a) In General.* The Plan shall be administered by the Committee in accordance with the terms of the Plan. The Committee, in its discretion, shall select employees for participation in the Plan and shall determine the form, amount and timing of each grant of an award and, if applicable, the number of shares of Common Stock subject to an award, the purchase price or base price associated with the award, the time and conditions of exercise or settlement of the award and all other terms and conditions of the award, including, without limitation, the form and terms of the Agreement evidencing the award. Any one or a combination of the following awards may be made under the Plan to eligible individuals: (i) Stock Options in the form of Incentive Stock Options or Non-Qualified Stock Options, (ii) SARs in the form of Free-Standing SARs or Tandem SARs, (iii) Stock Awards in the form of Bonus Stock, Restricted Stock or Restricted Stock Units, (iv) Performance Awards and (v) Employer Match Awards.

Notwithstanding any other provision of the Plan, the approval by the full Board, including the affirmative vote of a majority of the members of the Committee, shall be required with respect to any grant of an award under this Plan or a similar stock-based compensation plan if the number of shares of Common Stock which could be issued pursuant to such award, when added to the then currently outstanding shares of Common Stock plus the number of shares of Common Stock then subject to purchase or receipt pursuant to all grants of stock options, employee stock purchase plans, restricted stock or restricted stock unit awards and any other plan or program pursuant to which shares of Common Stock have been optioned or granted, whether vested or not, would result in the Company no longer satisfying the eligibility requirements, under section 1504 of the Code, to file a consolidated tax return with TDS.

The Committee may, in its sole discretion and for any reason at any time, subject to the requirements imposed under section 162(m) of the Code and regulations promulgated thereunder in the case of an award intended to be "qualified performance-based compensation," take action such that (A) any or all outstanding Stock Options and SARs shall become exercisable in part or in full, (B) the Restriction Period applicable to any outstanding Restricted Stock Award or Restricted Stock Unit Award shall terminate or shall be of a shorter duration, (C) the Performance Period applicable to any outstanding award shall terminate or shall be of a shorter duration, (D) the Performance Measures applicable to any outstanding award shall be deemed to be satisfied at the maximum or any other level and (E) all or a portion of the amount in a Deferred Compensation Account attributable to an Employer Match Award shall become nonforfeitable.

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The Committee shall interpret the Plan and establish any rules and procedures the Committee deems necessary or desirable for the administration of the Plan and may impose, incidental to the grant of an award, conditions with respect to the award, such as restricting or limiting competitive employment or other activities. All such interpretations, rules, procedures and conditions shall be final, conclusive and binding on all parties. A majority of the members of the Committee shall constitute a quorum. The acts of the Committee shall be either (i) acts of a majority of the members of the Committee present at any meeting at which a quorum is present or (ii) acts approved in writing by all of the members of the Committee without a meeting.

(b) *Delegation.* To the extent legally permissible, the Committee may delegate some or all of its power and authority hereunder to the Board, to the chairman of the Board or to an executive officer of the Company as the Committee deems appropriate; *provided, however,* that (i) the Committee may not delegate its power and authority to the Board, chairman of the Board or an executive officer of the Company with regard to the grant of an award under this Plan to any individual deemed to be a "covered employee" within the meaning of section 162(m) of the Code or who, in the Committee's judgment, is likely to be a covered employee at any time during the period an award to such employee may result in taxable income to the employee, or (ii) the Committee may not delegate its power and authority to the chairman of the Board or an executive officer of the Company with regard to the selection for participation in this Plan of an officer or other individual subject to section 16 of the Exchange Act, or decisions concerning the timing, pricing or amount of an award granted to such an officer or other individual.

(c) *Indemnification.* No member of the Board or Committee nor any executive officer to whom the Committee delegates any of its power and authority hereunder, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and each member of the Board and the Committee and each executive officer who is designated by the Committee to exercise any power or authority hereunder shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including attorneys' fees) arising therefrom to the full extent permitted by law, except as otherwise may be provided in the Company's Certificate of Incorporation and/or By-laws, and under any directors' and officers' liability insurance which may be in effect from time to time.

3.3 *Shares Available.*

(a) Subject to adjustment as provided in Section 8.8, 5,000,000 shares of Common Stock initially shall be available under the Plan, of which (i) no more than 5,000,000 shares of Common Stock in the aggregate may be issued under the Plan in connection with Incentive Stock Options and (ii) no more than 250,000 shares of Common Stock in the aggregate may be issued under the Plan in connection with Bonus Stock Awards. Such shares shall be reduced by the sum of the aggregate number of shares of Common Stock then subject to outstanding awards under the Plan.

(b) To the extent that shares of Common Stock subject to an outstanding award under this Plan are not issued or delivered or are returned to the Company by the holder of the award by reason of (i) the expiration, termination, cancellation or forfeiture of such award, (ii) the settlement of such award in cash or (iii) the delivery to or withholding by the Company of shares of Common Stock to pay all or a portion of the purchase price of such award, if any, or to satisfy all or a portion of the tax withholding obligations relating to such award, then such shares of Common Stock shall again be available under this Plan. Notwithstanding anything in this Section 3.3 to the contrary, shares of Common Stock subject to an award under this Plan may not again be made available for issuance under this Plan if such shares are shares that were subject to a stock-settled SAR and were not issued upon the net settlement of such SAR.

(c) Shares of Common Stock to be delivered under the Plan shall be made available from authorized and unissued shares of Common Stock, or authorized and issued shares of Common Stock reacquired and held as treasury shares or otherwise or a combination thereof.

(d) In the case of an award intended to be "qualified performance-based compensation" under section 162(m) of the Code and the regulations thereunder, to the extent necessary to so qualify, (i) the

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maximum number of shares of Common Stock with respect to which Stock Options or SARs or a combination thereof may be granted during any fiscal year of the Company to any one grantee shall be 250,000, subject to adjustment as provided in Section 8.8, (ii) the maximum number of shares of Common Stock with respect to which Stock Awards subject to Performance Measures may be granted during any fiscal year of the Company to any one grantee shall be 100,000, subject to adjustment as provided in Section 8.8, and (iii) the maximum amount that may be paid to any one grantee under a Performance Award during any fiscal year of the Company shall not exceed 100,000 shares of Common Stock, subject to adjustment as provided in Section 8.8, or the Fair Market Value thereof if paid in cash.

ARTICLE IV

STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

4.1 *Stock Options.* (a) *In General.* The Committee may, in its discretion, grant Stock Options to such employees as may be selected by the Committee; *provided, however,* that an employee of an Affiliate may be granted a Stock Option only if the underlying Common Stock qualifies, with respect to such employee, as "service recipient stock" within the meaning set forth in section 409A of the Code. Each Stock Option, or portion thereof, that is not an Incentive Stock Option shall be a Non-Qualified Stock Option. Each Incentive Stock Option shall be granted within ten years of the date this Plan is adopted by the Board. To the extent that the aggregate Fair Market Value (determined as of the date of grant) of shares of Common Stock with respect to which Stock Options designated as Incentive Stock Options are exercisable for the first time by a Stock Option holder during any calendar year (under the Plan or any other plan of the Company or any related corporation (as defined in Treasury Regulation §1.421-1(i)(2)) exceeds the amount (currently \$100,000) established by the Code, such Stock Options shall constitute Non-Qualified Stock Options. Stock Options shall be subject to the terms and conditions set forth in this Section 4.1 and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem advisable.

(b) *Number of Shares and Purchase Price.* The number of shares of Common Stock subject to a Stock Option and the purchase price per share of Common Stock purchasable upon exercise of the Stock Option shall be determined by the Committee; *provided, however,* that the purchase price per share of Common Stock purchasable upon exercise of a Stock Option shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date such Stock Option is granted; *provided further,* that if an Incentive Stock Option shall be granted to an employee who, at the time the option is granted, owns (or is treated as owning) capital stock possessing more than ten percent of the total combined voting power of all classes of capital stock of the Company (or of any related corporation (as defined in Treasury Regulation §1.421-1(i)(2)) (a "Ten Percent Holder"), the purchase price per share of Common Stock shall not be less than the price (currently 110% of its Fair Market Value) required by the Code in order for the Stock Option to constitute an Incentive Stock Option.

(c) *Option Period and Exercisability.* The period during which a Stock Option may be exercised shall be determined by the Committee; *provided, however,* that no Stock Option shall be exercised later than ten years after its date of grant; *provided further,* that if an Incentive Stock Option shall be granted to a Ten Percent Holder, such Stock Option shall be exercised no later than five years after its date of grant. The Committee may, in its discretion, establish Performance Measures which must be attained as a condition either to a grant of a Stock Option or to the exercisability of all or a portion of a Stock Option. The Committee shall determine whether a Stock Option shall become exercisable in cumulative or non-cumulative installments or in part or in full at any time. A Stock Option may be exercised only with respect to whole shares of Common Stock.

(d) *Method of Exercise.* A Stock Option may be exercised (i) by giving written notice or notice by electronic means in accordance with procedures established by the Company specifying the number of whole shares of Common Stock to be purchased and by arranging for the payment therefore in accordance with Section 4.1(d)(1) or 4.1(d)(2), as applicable and (ii) by executing such documents and taking any other actions as the Company may reasonably request. No share of Common Stock shall be issued or delivered until the full purchase price therefore and the withholding taxes thereon, as described

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in Section 8.6, have been paid (or arrangement has been made for such payment to the Company's satisfaction).

(1) *Purchase Price Payment by Non-Officers.* The holder of a Stock Option awarded to an employee who is not an Officer may pay for the shares of Common Stock to be purchased pursuant to the exercise of such Stock Option (i) in cash, (ii) by the delivery (either actual delivery or by attestation procedures established by the Company) of previously-owned whole shares of Common Stock having an aggregate Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable by reason of such exercise, (iii) to the extent legally permissible, in cash by a broker-dealer acceptable to the Company to whom the option holder has submitted an irrevocable notice of exercise, (iv) by a combination of (i) and (ii), and (v) in the event that the term of the Stock Option shall expire during a period when the employee and family members or other persons living in the household of such persons are prohibited from trading in securities of the Company pursuant to the Telephone and Data Systems, Inc. Policy Regarding Insider Trading and Confidentiality (or any successor policy thereto) (a "Blackout Period"), by authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable by reason of such exercise, in each case to the extent set forth in the Agreement. Any fraction of a share of Common Stock which would be required to satisfy the aggregate of such purchase price and the withholding taxes with respect to the Stock Option, as described in Section 8.6, shall be disregarded and the remaining amount due shall be paid in cash by the option holder.

(2) *Purchase Price Payment by Officers.* The holder of a Stock Option awarded to an Officer may pay for the shares of Common Stock to be purchased pursuant to the exercise of such Stock Option (i) by the delivery (either actual delivery or by attestation procedures established by the Company) of previously-owned whole shares of Common Stock having an aggregate Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable by reason of such exercise or (ii) by authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable by reason of such exercise. Any fraction of a share of Common Stock which would be required to satisfy the aggregate of such purchase price and the withholding taxes with respect to the Stock Option, as described in Section 8.6, shall be disregarded and the remaining amount due shall be paid in cash by the option holder.

4.2 *Stock Appreciation Rights.* (a) *In General.* The Committee may, in its discretion, grant SARs to such employees as may be selected by the Committee; *provided, however,* that an employee of an Affiliate may be granted an SAR only if the underlying Common Stock qualifies, with respect to such employee, as "service recipient stock" within the meaning set forth in section 409A of the Code. The Agreement relating to an SAR shall specify whether the SAR is a Free-Standing SAR or a Tandem SAR. SARs shall be subject to the terms and conditions set forth in this Section 4.2 and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem advisable.

(b) *Number of SARs and Base Price.* The number of SARs subject to an award shall be determined by the Committee. Any Tandem SAR shall be granted on the same date that the related Stock Option is granted. The base price of a Tandem SAR shall be the purchase price per share subject to the related Stock Option. The base price of a Free-Standing SAR shall be determined by the Committee; *provided, however,* that such base price shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of grant of such SAR.

(c) *Exercise Period and Exercisability.* The Agreement relating to an award of SARs shall specify whether such award may be settled in Common Stock or cash or a combination thereof. The period during which an SAR may be exercised shall be determined by the Committee; *provided, however,* that no SAR shall be exercised later than ten years after its date of grant; *provided, further,* that no Tandem SAR shall be exercised later than the expiration, cancellation, forfeiture or other termination of the related

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Stock Option. The Committee may, in its discretion, establish Performance Measures that must be attained as a condition either to the grant of an SAR or to the exercisability of all or a portion of an SAR. The Committee shall determine whether an SAR shall become exercisable in cumulative or non-cumulative installments or in part or in full at any time. An SAR, or portion thereof, may be exercised, in the case of a Tandem SAR, only with respect to whole shares of Common Stock and, in the case of a Free-Standing SAR, only with respect to a whole number of SARs. Prior to the exercise of an SAR for shares of Common Stock, the holder of such SAR shall have no rights as a stockholder of the Company with respect to the shares of Common Stock subject to such SAR.

(d) *Method of Exercise.* A Tandem SAR may be exercised (i) by giving written notice or notice by electronic means in accordance with procedures established by the Company specifying the number of whole SARs which are being exercised, (ii) by surrendering to the Company any Stock Options which are cancelled by reason of the exercise of the Tandem SAR and (iii) by executing such documents and taking any other actions as the Company may reasonably request. A Free-Standing SAR may be exercised (A) by giving written notice or notice by electronic means in accordance with procedures established by the Company specifying the whole number of SARs which are being exercised and (B) by executing such documents and taking any other actions as the Company may reasonably request.

4.3 *Termination of Employment.* Subject to the requirements of the Code, all of the terms relating to the exercise, cancellation or other disposition of a Stock Option or SAR upon an employee's termination of employment with an Employer, whether by reason of disability, retirement, death or any other reason, shall be determined by the Committee and set forth in an Agreement. Notwithstanding the foregoing, if an award recipient ceases to be employed by an Employer on account of such award recipient's negligence, willful misconduct, competition with the Company or an Affiliate or misappropriation of confidential information of the Company or an Affiliate, in each case, as determined by the Company in its sole discretion, then the Stock Option or SAR shall terminate immediately upon such termination of employment, unless such Stock Option or SAR terminates earlier pursuant to Section 8.10.

4.4 *No Repricing.* Notwithstanding any provision in the Plan to the contrary and subject to Section 8.8, the Committee shall not, without the approval of the stockholders of the Company (i) reduce the purchase price or base price of any previously granted Stock Option or SAR; (ii) cancel any previously granted Stock Option or SAR in exchange for another Stock Option or SAR with a lower purchase price or base price; (iii) cancel any previously granted Stock Option or SAR in exchange for cash or another award if the purchase price of such Stock Option or the base price of such SAR exceeds the Fair Market Value of a share of Common Stock on the date of such cancellation; or (iv) take any other action that would constitute a "repricing," as such term is used in section 303A.08 of The New York Stock Exchange Listed Company Manual, in each case other than in connection with a Change in Control.

ARTICLE V

STOCK AWARDS

5.1 *Stock Awards.* The Committee may, in its discretion, grant Stock Awards to such employees as may be selected by the Committee. The Agreement relating to a Stock Award shall specify whether the Stock Award is a Bonus Stock Award, Restricted Stock Award or Restricted Stock Unit Award. Stock Awards shall be subject to the terms and conditions set forth in this Article V and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem advisable.

5.2 *Terms of Stock Awards.* (a) *In General.* The number of shares of Common Stock or Restricted Stock Units subject to the award, the purchase price (if any) applicable to the award, the Restriction Period (if any) applicable to the award and the Performance Measures (if any) applicable to the award shall be determined by the Committee. A grant of a Stock Award may be made to an employee upon the attainment of Performance Measures.

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(b) *Vesting and Forfeiture.* The Agreement relating to a Restricted Stock Award or a Restricted Stock Unit Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of the Plan, (i) for the vesting of the shares of Common Stock subject to such Restricted Stock Award or the vesting of such Restricted Stock Unit Award upon either (w) the attainment of specified Performance Measures during the specified Performance Period or (x) the award recipient's continuous period of employment with an Employer during the specified Restriction Period, and (ii) for the forfeiture of the shares of Common Stock subject to such Restricted Stock Award or the forfeiture of such Restricted Stock Unit Award (y) if such specified Performance Measures are not attained during the specified Performance Period or (z) if the award recipient terminates such employment during the specified Restriction Period.

(c) *Rights with Respect to Restricted Stock Awards.* Unless otherwise set forth in the Agreement relating to a Restricted Stock Award, and subject to the terms and conditions of a Restricted Stock Award, the award recipient shall have all rights as a stockholder of the Company, including, but not limited to, voting rights, the right to receive dividends or other distributions and the right to participate in any capital adjustment applicable to all holders of Common Stock; *provided, however,* that (i) a distribution with respect to shares of Common Stock, other than a regular cash dividend, and (ii) a regular cash dividend with respect to shares of Common Stock that are subject to performance-based vesting conditions, in each case, shall be deposited with the Company and shall be subject to the same restrictions as the Common Stock with respect to which such distribution or dividend was made.

(d) *Settlement of Vested Restricted Stock Unit Awards.* The Agreement relating to a Restricted Stock Unit Award (i) shall specify whether such award may be settled in shares of Common Stock, cash or a combination thereof and (ii) may specify whether the holder thereof shall be entitled to receive, on a current or deferred basis, dividend equivalents, and, if determined by the Committee, interest on or the deemed reinvestment of any deferred dividend equivalents, with respect to the Common Stock subject to such award. Any dividend equivalents with respect to Restricted Stock Units that are subject to performance-based vesting conditions shall be subject to the same restrictions as such Restricted Stock Units. Prior to the settlement of a Restricted Stock Unit Award in Common Stock, the holder of such award shall have no rights as a stockholder of the Company with respect to the Common Stock subject to such award.

(e) *Custody and Delivery of Common Stock.* During the Restriction Period, at the Company's sole discretion, the shares of Restricted Stock either (i) shall be held by a custodian in book entry form, with the restrictions on the shares duly noted, or (ii) shall be represented by a certificate or certificates registered in the award recipient's name, which may bear a legend, in addition to any legend which may be required pursuant to Section 8.7, indicating that the ownership of the shares represented by such certificate is subject to the restrictions, terms and conditions of the Plan and the Agreement relating to the Restricted Stock Award. Any such certificates shall be deposited with the Company or its agent, together with stock powers or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate by the Company, that would permit transfer to the Company of all or a portion of the shares subject to the Restricted Stock Award in the event such award is forfeited in whole or in part. Upon termination of any Restriction Period and the satisfaction of any Performance Measures applicable to a Restricted Stock Award, subject to the employee's timely payment of any taxes in accordance with Section 8.6, the restrictions shall be removed from the requisite number of shares of Common Stock that are held in book entry form or, alternatively, certificates evidencing ownership of the requisite number of shares of Common Stock shall be delivered to the holder of such award. Upon settlement of a Restricted Stock Unit Award in Common Stock or upon the grant of a Bonus Stock Award, in each case subject to the employee's timely payment of any taxes in accordance with Section 8.6, the Common Stock subject to such Restricted Stock Unit Award or Bonus Stock Award shall be issued in book entry form or, alternatively, in a certificate or certificates registered in the award recipient's name.

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5.3 *Termination of Employment.* All of the terms relating to the satisfaction of Performance Measures and the termination of the Restriction Period relating to a Restricted Stock Award or a Restricted Stock Unit Award, or any forfeiture and cancellation of such award, upon an employee's termination of employment with an Employer, whether by reason of disability, retirement, death or any other reason, shall be determined by the Committee and set forth in an Agreement. Notwithstanding the foregoing, if an award recipient ceases to be employed by an Employer on account of such award recipient's negligence, willful misconduct, competition with the Company or an Affiliate or misappropriation of confidential information of the Company or an Affiliate, in each case, as determined by the Company in its sole discretion, then the Restricted Stock Award or Restricted Stock Unit Award shall terminate immediately upon such termination of employment, unless such award terminates earlier pursuant to Section 8.10.

ARTICLE VI

PERFORMANCE AWARDS

6.1 *Performance Awards.* The Committee may, in its discretion, grant Performance Awards to such employees as may be selected by the Committee. Performance Awards shall be subject to the terms and conditions set forth in this Article VI and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem advisable.

(a) *Amount of Performance Award, Performance Measures and Performance Period.* The amount of a Performance Award and the Performance Measures and Performance Period applicable to such award shall be determined by the Committee.

(b) *Vesting and Forfeiture.* The Agreement relating to a Performance Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of the Plan, for the vesting of such award upon the attainment of specified Performance Measures during the specified Performance Period, and for the forfeiture of such award if specified Performance Measures are not attained during the specified Performance Period.

(c) *Settlement of Vested Performance Awards.* The Agreement relating to a Performance Award (i) shall specify whether such award may be settled in shares of Common Stock (including shares of Restricted Stock), cash or a combination thereof and (ii) may specify whether the holder thereof shall be entitled to receive, on a current or deferred basis, dividend equivalents, and, if determined by the Committee, interest on or the deemed reinvestment of any deferred dividend equivalents, with respect to the Common Stock subject to such award. Any dividend equivalents with respect to Performance Awards shall be subject to the same restrictions as such Performance Awards. If a Performance Award is settled in shares of Restricted Stock, such shares of Restricted Stock shall be held by a custodian in book entry form or a certificate or certificates representing such Restricted Stock shall be issued in accordance with Section 5.2(e), and the holder of such shares of Restricted Stock shall have such rights of a stockholder of the Company as determined pursuant to Section 5.2(c). Prior to the settlement of a Performance Award in Common Stock, including Restricted Stock, the holder of such award shall have no rights as a stockholder of the Company with respect to any Common Stock subject to such award.

6.2 *Termination of Employment.* All of the terms relating to the satisfaction of Performance Measures and the termination of the Performance Period relating to a Performance Award, or any forfeiture and cancellation of such award, upon an employee's termination of employment with an Employer, whether by reason of disability, retirement, death, or any other reason, shall be determined by the Committee and set forth in an Agreement. Notwithstanding the foregoing, if an award recipient ceases to be employed by an Employer on account of such award recipient's negligence, willful misconduct, competition with the Company or an Affiliate or misappropriation of confidential information of the Company or an Affiliate, in each case, as determined by the Company in its sole discretion, then the Performance Award shall terminate immediately upon such termination of employment, unless such Performance Award terminates earlier pursuant to Section 8.10.

ARTICLE VII

**DEFERRED COMPENSATION ACCOUNTS
AND EMPLOYER MATCH AWARDS**

7.1 *Annual Bonus Deferral.* The Committee may, in its discretion, permit an employee selected by the Committee to make an irrevocable election (i) not to receive currently any whole percentage of his or her gross annual bonus payment for a Bonus Year and (ii) to have an amount equal to such percentage credited to the employee's Deferred Compensation Account as of the date on which the bonus check is to be issued (such election, a "deferral election"). An employee's deferral election shall be made on or before the last day of the calendar year immediately preceding the Bonus Year. Notwithstanding the preceding sentence, if permitted by the Company, a Newly Eligible Employee may make a deferral election with respect to a Bonus Year within thirty (30) days following the date that the employee becomes eligible; *provided, however,* that such deferral election shall apply solely to that portion of the Newly Eligible Employee's annual bonus equal to the total annual bonus multiplied by the ratio of the number of days remaining in the Bonus Year after the date of the deferral election over the total number of days in the Bonus Year. Annual bonus amounts credited to the employee's Deferred Compensation Account pursuant to this Section 7.1 (as adjusted for deemed investment returns pursuant to Section 7.3) shall be 100% vested at all times and shall be subject to the terms and conditions set forth in this Article VII and such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem advisable.

7.2 *Employer Match Award.* (a) *In General.* At the time the Committee selects an employee for participation in this Article VII pursuant to Section 7.1, the Committee may also decide that such an employee is eligible for an Employer Match Award. Employer Match Awards shall be subject to the terms and conditions set forth in this Article VII and such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem advisable. If the Committee determines that an Employer Match Award shall be granted, as of the date on which an amount (the "deferred amount") is credited to an employee's Deferred Compensation Account pursuant to Section 7.1, there also shall be credited to the employee's Deferred Compensation Account an Employer Match Award equal to the sum of (i) 25% of the amount credited to the Deferred Compensation Account as of such date pursuant to Section 7.1 which is not in excess of one-half of the employee's total gross annual bonus for the Bonus Year and (ii) 33¹/₃% of the amount credited to the Deferred Compensation Account as of such date pursuant to Section 7.1 which is in excess of one-half of the employee's total gross annual bonus for the Bonus Year.

(b) *Vesting of Employer Match Award.* One-third of the Employer Match Award so credited to the employee's Deferred Compensation Account pursuant to this Section 7.2 (as adjusted for deemed investment returns pursuant to Section 7.3) shall become nonforfeitable on each of the first three annual anniversaries of the last day of the Bonus Year; *provided that* the employee remains continuously employed by an Employer until such date and the related annual bonus amount credited to his or her Deferred Compensation Account has not been withdrawn or distributed before such date; *provided further, however,* that if the employee experiences (i) a Separation from Service by reason of his or her Retirement or death or (ii) a Disability prior to his or her Separation from Service, all Employer Match Awards (as adjusted for deemed investment returns pursuant to Section 7.3) credited to the employee's Deferred Compensation Account, to the extent not forfeited previously, shall become nonforfeitable as of the date of such Separation from Service or Disability. Any Employer Match Award that is forfeitable as of the date that the employee experiences a Separation from Service, or as of the date that the related annual bonus amount is withdrawn or distributed, shall be forfeited as of the date of such Separation from Service, withdrawal or distribution. Notwithstanding the foregoing provisions of this Section 7.2(b) or any other provision herein to the contrary, if an employee experiences a Separation from Service on account of such employee's negligence, willful misconduct, competition with the Company or an Affiliate or misappropriation of confidential information of the Company or an Affiliate, in each case, as determined by the Company in its sole discretion, then any Employer Match Award shall be forfeited immediately upon such employee's Separation from Service, unless such Employer Match Award is forfeited earlier pursuant to Section 8.10.

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7.3 *Deemed Investment of Deferred Compensation Account.* Amounts credited to an employee's Deferred Compensation Account pursuant to Sections 7.1 and 7.2 shall be deemed to be invested in whole and fractional shares of Common Stock at the Fair Market Value thereof on the date as of which the amount is credited to the Deferred Compensation Account.

7.4 *Payment of Deferred Compensation Account.* Except as otherwise set forth in the Agreement(s) relating to an employee's Deferred Compensation Account, payment of an employee's Distributable Balance shall be in a lump sum and in accordance with the employee's distribution date election; *provided, however*, that if the employee is a Specified Employee as of the date of his or her Separation from Service and is entitled to payment by reason of such Separation from Service, no payment (including on account of the employee's Disability or Unforeseeable Emergency or in connection with a Change in Control) shall be made before the date which is six (6) months after the date of the employee's Separation from Service (or if earlier than the end of such six-month period, the date of the employee's death). All payments of deferred compensation hereunder shall be made in whole shares of Common Stock, and cash equal to the Fair Market Value of any fractional share. Notwithstanding the foregoing, if an employee dies before the employee's Distributable Balance has been paid, then within sixty (60) days following the employee's death the Company shall pay the Distributable Balance to the employee's beneficiary designated pursuant to Section 8.4.

7.5 *Unforeseeable Emergency Withdrawals.* Upon written request by an employee whom the Committee determines has suffered an Unforeseeable Emergency, the Committee may direct payment to the employee of all or any portion of the employee's Distributable Balance. The circumstances that shall constitute an Unforeseeable Emergency shall depend upon the facts of each case, but, in any event, payment shall not exceed an amount reasonably necessary to satisfy such emergency plus amounts necessary to pay taxes and penalties reasonably anticipated as a result of such payment after taking into account the extent to which such emergency is or may be relieved (i) through reimbursement or compensation by insurance or otherwise; (ii) by liquidation of the employee's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship; or (iii) by cessation of deferrals under any Account Balance Plan. In the event that the Committee approves a withdrawal of all or a portion of the employee's Distributable Balance due to an Unforeseeable Emergency, payment shall be made to the employee in a lump sum as soon as practicable following such approval, but in no event later than sixty (60) days after the occurrence of the Unforeseeable Emergency.

If an employee receives, either hereunder or from any other nonqualified deferred compensation arrangement maintained by an Employer or Affiliate, a withdrawal on account of the employee's Unforeseeable Emergency, any deferral election by the employee in effect under this Article VII shall be cancelled, effective as of the date of such withdrawal.

ARTICLE VIII

GENERAL

8.1 *Effective Date and Term of Plan.* This Plan shall be submitted to the stockholders of the Company for approval at the 2013 annual meeting of stockholders and, if approved, shall become effective as of the date of such approval. If this Plan is not approved by the Company's stockholders, then this Plan shall be void and of no effect. This Plan shall terminate ten years after its effective date, unless terminated earlier by the Board. Termination of the Plan shall not affect the terms or conditions of any award granted prior to termination.

8.2 *Amendment.* The Board may amend the Plan as it shall deem advisable, subject to any requirement of stockholder approval under applicable law, rule or regulation, including section 162(m) of the Code, and any rule of the principal national stock exchange on which the Common Stock is then traded; *provided, however*, that no amendment shall be made without stockholder approval if such amendment would (a) increase the maximum number of shares of Common Stock available for issuance under the Plan (except as provided in Section 8.8) or (b) with respect to any Incentive Stock Option, effect any change inconsistent with section 422 of the Code. No amendment may impair the rights of a holder of an outstanding award without the consent of such holder.

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8.3 *Agreement.* Each award granted under the Plan shall be evidenced by an Agreement setting forth the terms and conditions applicable to such award. No award shall be valid until an Agreement is executed by the Company and either executed by the recipient or accepted by the recipient by electronic means approved by the Company. Upon such execution and delivery of the Agreement to the Company, or execution and electronic acceptance of the Agreement, such award shall be effective as of the effective date set forth in the Agreement.

8.4 *Designation of Beneficiaries.* Each employee may designate a beneficiary or beneficiaries in the event of the employee's death with respect to his or her awards and his or her Deferred Compensation Account by executing and filing with the Company during his or her lifetime a beneficiary designation in such form as prescribed by the Company. The employee may change or revoke any such designation by executing and filing with the Company during his or her lifetime a new beneficiary designation in such form as prescribed by the Company. If the employee is married and names someone other than his or her spouse (*e.g.*, a child) as primary beneficiary of the employee's Deferred Compensation Account, the designation is invalid unless the spouse consents by signing the designated area of the beneficiary designation form in the presence of a Notary Public. To the extent that an outstanding Stock Option or SAR is exercisable, such beneficiary or beneficiaries shall be entitled to exercise such Stock Option or SAR pursuant to procedures established by the Company. If all designated beneficiaries predecease the employee, and if each corporation, partnership, trust or other entity which is a designated beneficiary is terminated, dissolved, becomes insolvent, or is adjudicated bankrupt prior to the date of the employee's death, or if the employee fails to designate a beneficiary, then the following Persons in the order set forth below shall be the designated beneficiary or designated beneficiaries of such employee:

- i) the employee's spouse, if living; or if none,
- ii) the employee's then living descendants, per stirpes; or if none,
- iii) the employee's estate.

8.5 *Transferability.* No Incentive Stock Option, Restricted Stock Unit Award, Performance Award or Deferred Compensation Account shall be transferable other than to a beneficiary determined pursuant to Section 8.4 and effective on the recipient's death. No other award under the Plan shall be transferable other than (a) to a beneficiary determined pursuant to Section 8.4 and effective on the recipient's death or (b) to the extent permitted under (i) securities laws relating to the registration of securities subject to employee benefit plans and (ii) the Agreement evidencing the grant of such award, by gift to a Permitted Transferee. Except as permitted by the preceding provisions of this Section 8.5, no award under the Plan or Deferred Compensation Account balance may be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any such attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of any award or Deferred Compensation Account balance, such award and all rights thereunder shall immediately become null and void and any Employer Match Awards credited to such Deferred Compensation Account shall immediately be forfeited.

8.6 *Tax Withholding.* Prior to (i) the issuance or delivery of any shares of Common Stock pursuant to an award made hereunder, (ii) the payment of any cash pursuant to an award made hereunder or (iii) any distribution from an employee's Deferred Compensation Account, the Company shall have the right to require payment by the holder of any federal, state, local or other taxes which may be required to be withheld or paid in connection with such award or distribution. Such payment shall be in accordance with Section 8.6(a) or (b), as applicable. Shares of Common Stock to be delivered or withheld pursuant to this Section 8.6 may not have an aggregate Fair Market Value in excess of the amount determined by applying the minimum statutory withholding rate. Any fraction of a share of Common Stock which would be required to satisfy the aggregate of such tax withholding obligation and the purchase price with respect to the award, if any, shall be disregarded and the remaining amount due shall be paid in cash by the holder. No share of Common Stock shall be delivered until the withholding taxes thereon have been paid (or arrangement has been made for such payment to the Company's satisfaction).

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(a) *Methods of Tax Withholding Applicable to Stock Options Granted to Non-Officers.* An Agreement evidencing a Stock Option granted to an employee who is not an Officer may provide for the withholding of taxes by any of the following means: (i) a cash payment to the Company, (ii) authorizing the Company to withhold whole shares of Common Stock which otherwise would be delivered having an aggregate Fair Market Value, determined as of the date the obligation to withhold or pay taxes arises in connection with the award (the "Tax Date"), equal to the amount necessary to satisfy any such obligation, (iii) delivery (either actual delivery or by attestation procedures established by the Company) to the Company of previously-owned whole shares of Common Stock having an aggregate Fair Market Value, determined as of the Tax Date, equal to the amount necessary to satisfy any such obligation, (iv) to the extent legally permissible, a cash payment by a broker-dealer acceptable to the Company to whom the option holder has submitted an irrevocable notice of exercise or (v) any combination of (i), (ii) and (iii).

(b) *Methods of Tax Withholding Applicable to Awards other than Stock Options Granted to Non-Officers.* An Agreement evidencing an award other than a Stock Option granted to an employee who is not an Officer shall provide that all tax withholding shall be satisfied either by (i) authorizing the Company to withhold whole shares of Common Stock which otherwise would be delivered having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which otherwise would be payable, in either case equal to the amount necessary to satisfy any such obligation or (ii) delivery (either actual delivery or by attestation procedures established by the Company) to the Company of previously-owned whole shares of Common Stock having an aggregate Fair Market Value, determined as of the Tax Date, equal to the amount necessary to satisfy any such obligation. Notwithstanding the foregoing, withholding of employment taxes may be satisfied by a cash payment to the Company to the extent that such taxes are due prior to the settlement of an award or distribution of a Deferred Compensation Account.

8.7 *Restrictions on Shares.* Each award granted hereunder shall be subject to the requirement that if at any time the Company determines that it is necessary or desirable as a condition of or in connection with the delivery of shares pursuant to such award (i) to list, register or qualify the shares of Common Stock subject to such award upon any securities exchange or under any law, (ii) to obtain the consent or approval of any governmental body, or (iii) to take any other action, such shares shall not be delivered unless the listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company may require that certificates evidencing shares of Common Stock delivered pursuant to any award made hereunder bear a legend indicating that the sale, transfer or other disposition thereof by the holder is prohibited except in compliance with the Securities Act of 1933, as amended, and the rules and regulations thereunder.

8.8 *Adjustment.* In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation) that causes the per share value of shares of Common Stock to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary dividend, the number and class of securities available under the Plan, the maximum aggregate number of securities that may be issued under the Plan in connection with Incentive Stock Options, the maximum aggregate number of securities that may be issued under the Plan in connection with Bonus Stock Awards, the terms of each outstanding Stock Option and SAR, including the number and class of securities subject to each outstanding Stock Option or SAR and the purchase price or base price per share, the terms of each outstanding Restricted Stock Award and Restricted Stock Unit Award, including the number and class of securities subject thereto, the terms of each outstanding Performance Award, the number and class of securities deemed to be held in each Deferred Compensation Account, the maximum number of securities with respect to which Stock Options or SARs or a combination thereof may be granted during any fiscal year of the Company to any one grantee, the maximum number of securities with respect to which Stock Awards subject to Performance Measures may be granted during any fiscal year of the Company to any one grantee and the maximum amount that may be paid to any one grantee under a Performance Award for any Performance Period, shall be appropriately and equitably adjusted by the Committee, such adjustments to be made in the case of outstanding Stock Options and SARs without an

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increase in the aggregate purchase price or base price and in accordance with Section 409A of the Code. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights of participants. In either case, the decision of the Committee regarding any such adjustment shall be final, binding and conclusive. If any such adjustment would result in a fractional security being (a) available under the Plan, such fractional security shall be disregarded, or (b) subject to an award under the Plan, the Company shall pay the holder of such award, in connection with the first settlement of such award, in whole or in part, occurring after such adjustment, an amount in cash determined by multiplying (i) the fraction of such security (rounded to the nearest hundredth) by (ii) the excess, if any, of (A) the Fair Market Value on the vesting, exercise or other date that the award becomes payable over (B) the purchase or base price, if any, of such award.

8.9 *Change in Control.* (a) Notwithstanding any other provision of the Plan or any provision of any Agreement, in the event of a Change in Control, the Board (as constituted prior to such Change in Control) may in its discretion, but shall not be required to, make such adjustments to outstanding awards hereunder as it deems appropriate, including, without limitation:

(1) (i) causing some or all outstanding Stock Options and SARs to immediately become exercisable in full, (ii) causing some or all outstanding Restricted Stock Awards to become nonforfeitable and the Restriction Periods applicable to some or all outstanding Restricted Stock Awards to lapse in full or in part, (iii) causing some or all outstanding Restricted Stock Unit Awards to become nonforfeitable and, to the extent permissible under section 409A of the Code, causing the Restriction Periods applicable to some or all outstanding Restricted Stock Unit Awards to lapse in full or in part, (iv) causing some or all outstanding Performance Awards to become nonforfeitable and, to the extent permissible under section 409A of the Code, causing the Performance Periods applicable to some or all outstanding Performance Awards to lapse in full or in part; (v) causing the Performance Measures applicable to some or all outstanding Performance Awards, Restricted Stock Awards or Restricted Stock Unit Awards (if any) to be deemed to be satisfied at the target, maximum or any other level, as determined by the Board (as constituted prior to such Change in Control), and (vi) causing some or all amounts deemed to be held in Deferred Compensation Accounts to become nonforfeitable; and/or

(2) substituting for some or all of the Common Stock available under the Plan, whether or not then subject to an outstanding award, the number and class of shares into which each outstanding share of such Common Stock shall be converted pursuant to such Change in Control, with an appropriate and equitable adjustment to such award as determined by the Committee in accordance with Section 8.8; and/or

(3) requiring that outstanding awards, in whole or in part, be surrendered to the Company by the holder, and be immediately cancelled by the Company, and providing for the holder to receive (i) a cash payment in an amount equal to (A) in the case of a Stock Option or an SAR, the number of shares of Common Stock then subject to the portion of such Stock Option or SAR surrendered, to the extent such Stock Option or SAR is then exercisable or becomes exercisable pursuant to this Section 8.9(a), multiplied by the excess, if any, of the Fair Market Value of a share of Common Stock as of the date of the Change in Control, over the purchase price or base price per share of Common Stock subject to such Stock Option or SAR, (B) in the case of a Stock Award, the number of shares of Common Stock or Restricted Stock Units, as the case may be, then subject to the portion of such award surrendered, to the extent the Restriction Period and Performance Period, if any, on such Stock Award has lapsed or will lapse pursuant to this Section 8.9(a) and to the extent that the Performance Measures, if any, have been satisfied or are deemed satisfied pursuant to this Section 8.9(a), multiplied by the Fair Market Value of a share of Common Stock as of the date of the Change in Control, (C) in the case of a Performance Award, the amount payable with respect to the portion of such award surrendered, to the extent the Performance Period applicable to such award has lapsed or will lapse pursuant to this Section 8.9(a) and to the extent that the Performance Measures applicable to such award have been satisfied or are deemed satisfied pursuant to this Section 8.9(a), and (D) in the case of a Deferred Compensation Account, the number of shares of

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Common Stock then subject to the portion of such account surrendered, to the extent such Deferred Compensation Account is then nonforfeitable or becomes nonforfeitable pursuant to this Section 8.9(a), multiplied by the Fair Market Value of a share of Common Stock as of the date of the Change in Control; (ii) shares of capital stock of the corporation resulting from or succeeding to the business of the Company pursuant to such Change in Control, or a parent corporation thereof, having a fair market value not less than the amount determined under clause (i) above; or (iii) a combination of the payment of cash pursuant to clause (i) above and the issuance of shares pursuant to clause (ii) above. In the event of a payment or issuance pursuant to this Section 8.9(a)(3) with respect to a Deferred Compensation Account, such payment or issuance shall be made at the time that the account would have been paid if a Change in Control had not occurred.

(b) For purposes of the Plan, "Change in Control" shall mean:

(1) the acquisition by any Person, including any "person" within the meaning of section 13(d)(3) or 14(d)(2) of the Exchange Act, of beneficial ownership within the meaning of Rule 13d-3 promulgated under the Exchange Act, of the then outstanding securities of the Company (the "Outstanding Voting Securities") (x) having sufficient voting power of all classes of capital stock of the Company to elect at least 50% or more of the members of the Board or (y) having 50% or more of the combined voting power of the Outstanding Voting Securities entitled to vote generally on matters (without regard to the election of directors), excluding, however, the following: (i) any acquisition directly from the Company or an Affiliate (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege, unless the security being so exercised, converted or exchanged was acquired directly from the Company or an Affiliate), (ii) any acquisition by the Company or an Affiliate, (iii) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or an Affiliate, (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (3) of this Section 8.9(b), or (v) any acquisition by the following Persons: (A) LeRoy T. Carlson or his spouse, (B) any child of LeRoy T. Carlson or the spouse of any such child, (C) any grandchild of LeRoy T. Carlson, including any child adopted by any child of LeRoy T. Carlson, or the spouse of any such grandchild, (D) the estate of any of the Persons described in clauses (A)-(C), (E) any trust or similar arrangement (including any acquisition on behalf of such trust or similar arrangement by the trustees or similar Persons) provided that all of the current beneficiaries of such trust or similar arrangement are Persons described in clauses (A)-(C) or their lineal descendants, or (F) the voting trust which expires on June 30, 2035, or any successor to such voting trust, including the trustees of such voting trust on behalf of such voting trust (all such Persons, collectively, the "Exempted Persons");

(2) individuals who, as of March 6, 2013, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of such Board; *provided that* any individual who becomes a director of the Company after March 6, 2013 whose election, or nomination for election by the Company's stockholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed a member of the Incumbent Board; and *provided further that* any individual who was initially elected as a director of the Company as a result of an actual or threatened solicitation by a Person other than the Board for the purpose of opposing a solicitation by any other Person with respect to the election or removal of directors or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall not be deemed a member of the Incumbent Board;

(3) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Corporate Transaction"), excluding, however, a Corporate Transaction pursuant to which (i) all or substantially all of the Persons who are the beneficial owners of the Outstanding Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, (x) sufficient voting power to elect at least a majority of the members of the board of directors of the corporation resulting from the Corporate Transaction and (y) more than 50% of the combined voting power of the outstanding securities which are entitled to vote generally on matters (without regard to the election of directors) of the corporation resulting from such Corporate Transaction (including in each of clauses (x) and (y),

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without limitation, a corporation which as a result of such transaction owns, either directly or indirectly, the Company or all or substantially all of the Company's assets), in substantially the same proportions relative to each other as the shares of Outstanding Voting Securities are owned immediately prior to such Corporate Transaction, (ii) no Person (other than the following Persons: (v) the Company or an Affiliate, (w) any employee benefit plan (or related trust) sponsored or maintained by the Company or an Affiliate, (x) the corporation resulting from such Corporate Transaction, (y) the Exempted Persons, and (z) any Person which beneficially owned, immediately prior to such Corporate Transaction, directly or indirectly, 50% or more of the Outstanding Voting Securities) will beneficially own, directly or indirectly, 50% or more of the combined voting power of the outstanding securities of such corporation entitled to vote generally on matters (without regard to the election of directors) and (iii) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction; or

(4) approval by the stockholders of the Company of a plan of complete liquidation or dissolution of the Company.

8.10 *Forfeiture of Award upon Competition with the Company or an Affiliate or Misappropriation of Confidential Information.* Notwithstanding any other provision herein, on the date on which an award recipient (a) enters into competition with the Company or an Affiliate, or (b) misappropriates confidential information of the Company or an Affiliate, in each case as determined by the Company in its sole discretion, any award then held by the award recipient (or a Permitted Transferee thereof) shall be forfeited and any balance credited to the award recipient's Deferred Compensation Account attributable to Employer Match Awards shall be forfeited, in each case, regardless of whether such award or account balance would otherwise be nonforfeitable.

For all purposes of this Plan, an award recipient shall be treated as entering into competition with the Company or an Affiliate if such award recipient (i) directly or indirectly, individually or in conjunction with any Person, has contact with any customer of the Company or an Affiliate or with any prospective customer which has been contacted or solicited by or on behalf of the Company or an Affiliate for the purpose of soliciting or selling to such customer or prospective customer any competing product or service, except to the extent such contact is made on behalf of the Company or an Affiliate, (ii) directly or indirectly, individually or in conjunction with any Person, becomes employed in the business or engages in the business of providing wireless products or services in any geographic territory in which the Company or an Affiliate offers such products or services or has plans to do so within the next twelve months or (iii) otherwise competes with the Company or an Affiliate in any manner or otherwise engages in the business of the Company or an Affiliate.

For all purposes of this Plan, an award recipient shall be treated as misappropriating confidential information of the Company or an Affiliate if such award recipient (i) uses confidential information (as defined below) for the benefit of anyone other than the Company or such Affiliate, as the case may be, or discloses the confidential information to anyone not authorized by the Company or such Affiliate, as the case may be, to receive such information, (ii) upon termination of employment, makes any summaries of, takes any notes with respect to, or memorizes any confidential information or takes any confidential information or reproductions thereof from the facilities of the Company or an Affiliate, or (iii) upon termination of employment or upon the request of the Company or an Affiliate, fails to return all confidential information then in the award recipient's possession. "Confidential information" shall mean any confidential and proprietary drawings, reports, sales and training manuals, customer lists, computer programs, and other material embodying trade secrets or confidential technical, business, or financial information of the Company or an Affiliate.

8.11 *No Right of Participation, Employment or Service.* No Person shall have any right to participate in the Plan. Neither the Plan nor any award granted hereunder shall confer upon any individual any right to continued employment by or service with the Company or any of its subsidiaries or affiliates or affect in any manner the right of the Company or any of its subsidiaries or affiliates to terminate the employment or service of any individual at any time without liability hereunder.

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8.12 *Rights as Stockholder.* No Person shall have any right as a stockholder of the Company with respect to any shares of Common Stock that are subject to an award granted hereunder unless and until such Person becomes a stockholder of record with respect to such shares of Common Stock.

8.13 *Governing Law.* The Plan, each award granted hereunder and the related Agreement, and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

8.14 *Severability.* If a provision of the Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in the Plan.

8.15 *Compliance with Section 409A of the Code.* It is intended that the Plan be exempt from the requirements of section 409A of the Code to the maximum extent possible. To the extent the Plan is subject to the requirements of section 409A of the Code, it is intended that the Plan comply with such requirements to the maximum extent possible. The Plan shall be administered and interpreted in a manner consistent with this intent. Notwithstanding the foregoing, no particular tax result for an employee with respect to any income recognized by the employee in connection with the Plan is guaranteed under the Plan, and the employee solely shall be responsible for any taxes, interest, penalties or other amounts imposed on the employee in connection with the Plan.

UNITED STATES CELLULAR CORPORATION

Restated Compensation Plan for Non-Employee Directors

Dated March 25, 2013

Recitals

The Board of Directors of United States Cellular Corporation (the "Company") previously adopted a Compensation Plan for Non-Employee Directors, which was approved by shareholders of the Company on May 19, 2009 (the "Plan").

On March 6, 2012, the Board of Directors of the Company approved an amendment to the Plan to increase the Cash Retainer (as defined below) from \$55,000 to \$80,000 and to increase the Stock Award (as defined below) from \$55,000 to \$80,000, effective March 1, 2012 (the "Amendment").

On March 25, 2013, the Board of Directors of the Company approved an amendment and restatement of the Plan ("Restated Plan") to increase the number of the Company's Common Shares that may be issued under the plan and to reflect the Amendment.

The purpose of the Restated Plan is to provide appropriate compensation to non-employee directors for their service to the Company and to ensure that qualified persons serve as non-employee members of the Board of Directors.

The Restated Plan was approved pursuant to the authority granted in Section 12 of Article III of the Company's By-Laws, which provides that the Board of Directors shall have authority to establish reasonable compensation of directors, including reimbursement of expenses incurred in attending meetings of the Board of Directors.

Effectiveness of Restated Plan

The Restated Plan shall be submitted to the shareholders of the Company for approval at the 2013 Annual Meeting of shareholders and, if approved, shall become effective as of the date of such approval.

Board Service

Each director of the Company who is not an employee of the Company, Telephone and Data Systems, Inc. ("TDS"), TDS Telecommunications Corporation or any other subsidiary of TDS ("non-employee director") will receive:

1. An annual director's retainer fee of \$80,000, paid in cash ("Cash Retainer").
2. An annual award of \$80,000 paid in the form of the Company's Common Shares ("Stock Award"), which shall be distributed in March on or prior to March 15 of each year, for services performed during the 12 month period that commences on March 1 of the immediately preceding calendar year and ends on the last day of February of the calendar year of payment. The number of shares shall be determined on the basis of the closing price of the Company's Common Shares, as reported in the New York Stock Exchange Composite Transaction section of the Wall Street Journal, for the first trading day in the month of March of the calendar year of payment. (A director who is not a citizen of the United States may, at his or her election, receive such award in the form of cash.)
3. A director's meeting fee of \$1,750 for each meeting attended and reimbursement of reasonable expenses incurred in connection with attendance at meetings of the Board of Directors, paid in cash.

Audit Committee Service

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Each non-employee director who serves on the Audit Committee, other than the Chairperson of such committee, will receive an annual committee retainer fee of \$11,000, a committee meeting fee of \$1,750

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for each meeting attended and reimbursement of reasonable expenses incurred in connection with attendance at meetings of the Audit Committee. The Audit Committee Chairperson will receive an annual committee retainer fee of \$22,000, a committee meeting fee of \$1,750 for each meeting attended and reimbursement of reasonable expenses incurred in connection with attendance at such meetings.

Long-Term Incentive Compensation Committee Service

Each non-employee director who serves on the Long-Term Incentive Compensation Committee, other than the Chairperson of such committee, will receive an annual committee retainer fee of \$7,000, a committee meeting fee of \$1,750 for each meeting attended and reimbursement of reasonable expenses incurred in connection with attendance at meetings of the Long-Term Incentive Compensation Committee. The Long-Term Incentive Compensation Committee Chairperson will receive an annual committee retainer fee of \$14,000, a committee meeting fee of \$1,750 for each meeting attended and reimbursement of reasonable expenses incurred in connection with attendance at such meetings.

Other Meetings or Activities of Non-Employee Directors

The Board of Directors may also authorize the payment of fees and reimbursement of reasonable expenses incurred in connection with other meetings (such as meetings of the independent directors) or activities of the non-employee directors.

Miscellaneous

Under the Restated Plan, annual retainers will be paid in cash on a quarterly basis, as of the last day of each calendar quarter, and will compensate the non-employee director for services performed during such calendar quarter.

Fees for meetings of the board, committee meetings and other meetings and activities will be paid in cash on a quarterly basis, as of the last day of each calendar quarter, and will compensate the non-employee director for meetings and activities attended during such calendar quarter.

Non-employee directors shall timely submit for reimbursement their reasonable expenses incurred in connection with meeting attendance or other activities, and the Company shall reimburse such expenses within two weeks after submission.

Upon the effectiveness of the Restated Plan, directors of the Company shall have the authority without further shareholder approval to amend this Restated Plan from time to time, including amendments to increase the amount of the compensation payable in Common Shares from time to time, provided that the total number of Common Shares issued under the Restated Plan shall not exceed the number previously approved by shareholders of the Company.

Shareholders of the Company previously approved the issuance of up to 50,000 Common Shares under the Plan, 11,613 of which remain unissued as of the above date.

Unless otherwise approved by shareholders of the Company, the total number of Common Shares that may be issued under the Restated Plan shall not exceed 211,613 Common Shares, representing the sum of such unissued 11,613 Common Shares and 200,000 additional Common Shares authorized by this Restated Plan.

Subject to shareholder approval and the effectiveness of the Restated Plan, pursuant to Section 303A.08 of the New York Stock Exchange Listed Company Manual, the authorization to issue Common Shares under the Restated Plan shall expire ten years after the date of such shareholder approval, unless reapproved by shareholders. If for any reason shares cannot be issued under the Restated Plan pursuant to the requirements of the New York Stock Exchange or otherwise, the value of such shares that cannot be issued shall be paid in the form of cash.

